17 September 2013

Premier increases profit and dividend for FY2013

- **Premier Investments consolidated reported NPAT of $174.5m**
- **Premier Retail NPBT up 9.3%**
- **Total full year dividends increased to 38 cents per share fully franked**
- **Premier invests for future growth in brands and distribution network**

HIGHLIGHTS

- Premier Investments profit after tax of $174.5 million, including one-off accounting reclassification gain (FY12: $68.3m)
- Pro forma[1] consolidated net profit before tax (NPBT) of $101.8 million, up 3.8%
- Pro forma[1] consolidated net profit after tax (NPAT) of $75.0 million, up 1.9%
- Fully franked final dividend of 19 cents per share, bringing full year total dividends to 38 cents fully franked, up 2 cents
- Premier Investments solid performance reflects:
  - Strong underlying growth in Premier Retail operations
    - Profit before tax of $ 76.7 million, up 9.3%
    - EBIT of $83.7million, up 4.1%
  - Equity accounting commenced for the investment in Breville Group Limited[2]
    - Net one-off accounting reclassification gain of $105.2 million
- Premier Retail transformation program continues, with focus on investment
  - Peter Alexander embarks on new growth strategy focused on enhanced store footprint and expanded range
  - Smiggle continues geographic expansion, with stores to open in the UK
  - Premier Retail invests in distribution network following major supply chain review

[1] Pro forma numbers are calculated as if the investment in Breville was equity accounted for the full FY12 and FY13 years. Refer to Appendix A for supporting data

[2] Due to a change in the BRG Board, PMV was required to commence equity accounting its investment in BRG from 1 March 2013

Premier Investments Limited ("Premier") today reported profit after tax of $174.5 million for the year ended 27 July 2013 (FY12 $68.3m). This result included a one-off accounting reclassification gain of $105.2 million after tax, due to the commencement of the equity method of accounting for Premier's investment in Breville as of 1 March 2013.

Premier's pro forma net profit before tax was $101.8[1] million and its pro forma net profit after tax (NPAT) was $75.0[1] million for FY13. Strong profit performance from the Premier Retail division and investment revenues contributed to the pleasing result.

Premier Retail profit before tax increased 9.3% to $ 76.7 million despite the continued challenges in the macro environment. Total sales for the group were up 0.9% to $836.4 million.

Premier's Chairman, Mr Solomon Lew said: *"The retail environment in Australia remains challenging, however we continue to adapt by rejuvenating our core brands, growing uniquely positioned brands like Peter Alexander and seeking opportunities for further offshore expansion of Smiggle."*

"Premier's solid earnings growth and strong balance sheet have allowed us to reward loyal shareholders with an attractive 19 cents final dividend. The company remains focussed on growing shareholder wealth by optimising its current business investments and seeking new opportunities."

"Premier's progress on implementing its strategic plan is very pleasing. We continue to focus on improving our core brands and achieving efficiencies whilst also investing in future growth."

"Nothing underlines this capacity for investment more than our decision to own a new state of the art distribution centre in Australia, which will help Premier Retail to improve efficiencies and enhance its online capabilities."

PREMIER RETAIL TRANSFORMATION – FOCUS ON GROWTH & INVESTMENT

Premier Retail continues to progress its six-point EBIT transformation plan, with emphasis now shifting more heavily into growth and investment. The plan includes:

CORE

- Rejuvenation of core apparel brands
- Organisation-wide cost efficiency program
- Gross margin expansion program

GROWTH

- Expansion and growth of internet businesses
- Grow Peter Alexander significantly
- Grow Smiggle significantly

[1] Pro forma numbers are calculated as if the investment in Breville was equity accounted for the full FY12 and FY13 years. Refer to Appendix A for supporting data

SMIGGLE PLANS MAJOR UK EXPANSION

Following the success of Smiggle's expansion into Singapore, Premier Retail has identified the United Kingdom (UK) as the next growth opportunity for this unique brand. The decision to expand into the UK follows detailed analysis of market opportunities in Japan, Malaysia, Korea, China and Europe.

Premier Retail believes the opportunity for Smiggle in the UK is substantial, with a personal stationery category valued at $2.4 billion and a real estate climate conducive to achieving a strong market position.

Management sees potential for up to 200 stores in the UK with the possibility for sales and profitability to ultimately exceed the Australian Smiggle network.

Smiggle will open its first store at Westfield Stratford, London in February 2014 with the aim of having 5-8 stores open in 2014.

Mr McInnes said: *"We have ambitious growth plans for Smiggle, which we see as a completely unique brand in the international market. The scope of our plans is well matched by a highly capable management team led by John Cheston, our Group General Manager of Smiggle, who brings a deep experience in Asia and the UK."*

PETER ALEXANDER UNVEILS GROWTH PLAN

Peter Alexander continues to materially outperform the broader market. In March this year, Premier recruited Judy Coomber (formerly Group General Manager Merchandise for Myer) to lead the next phase of growth, working closely with the brand's founder and creative director, Peter Alexander. Over the past six months, the team has researched and tested all growth avenues available to maximise the potential of this creative brand.

As a direct result, the company today announces its plan to grow the Peter Alexander business by 40% to 50% over the next three years.

This step-change in growth will flow from:

- The opening of six to eight new stores in high value centres each year over the next three years in core markets of Australia and New Zealand
- Development of flagship CBD locations in Melbourne, Sydney and Brisbane
- Roll out of a dedicated childrenswear strategy to significantly grow the category
    - To commence in November this year with dedicated space in 24 stores and a major standalone marketing campaign
- Continued on-line growth including the launch of mobile shopping in Australia and on-line sales in New Zealand
- The launch of an exclusive Myer relationship, including 10 womenswear concession stores and wholesale mens and childrenswear in 15 stores

The team will also assess opportunities for further category expansion and international growth.

Mr McInnes said: *"I am delighted that we have been able to attract somebody of Judy's calibre to lead our growth, working closely with Peter who continues to drive our collections, brand and marketing. Judy and Peter together have created an excellent management team fully capable of delivering on the growth plan announced today."*

PREMIER ALIGNS SUPPLY CHAIN WITH ONLINE & OFFSHORE GROWTH OPPORTUNITIES

During the year, Premier Retail conducted a major supply chain review across all of its distribution centres and logistics operations in Australia, New Zealand and Singapore. The focus of the review was how best to align the logistics of the group with strategic plans of the business. Of particular importance was the current and projected growth of online, improved productivity and future offshore expansion.

Following the review, Premier has:

- Established a new distribution centre in Singapore to service the group's growing Asian retail network
- Reconfigured the New Zealand distribution centre to better reflect requirements – including capability for internet sales fulfilment
- Taken a decision to consolidate the Australian distribution centre operations into one site, developed for (and on completion to be owned by) Premier to suit our requirements and scaled for online growth

New Singapore Distribution Centre

In May 2013 Premier Retail opened a distribution centre ("DC") in Singapore to support its 17 successful Smiggle stores. The DC enables Smiggle to meet strong customer demand and increase sales, whilst delivering margin benefits to the group of more than A$1 million per year, with the full benefits of the change to be realised in FY14.

The DC is operated by a leading global logistics partner and is Premier Retail's first distribution partnership. This model will form the basis for similar arrangements in other countries as Smiggle expands its operations internationally over the next few years.

New Zealand Distribution Centre Reconfigured

In July 2013, Premier Retail aligned the operational capacity of its New Zealand Distribution Centre with its business requirements moving forward. Approximately 22% of the DC space has been returned to the landlord, with a corresponding reduction in occupancy costs and no impact on the company's current or future operations in the New Zealand market.

During FY14 Premier will also commence internet fulfilment operations from this facility for the New Zealand market, with Peter Alexander the first brand to service New Zealand on-line customers from the Auckland distribution centre.

New National Distribution Centre for Australia

A National Distribution Centre is currently being developed by Goodman Group in order to meet the group's needs for capacity, efficiency and growth. On completion, the DC will be owned by Premier Investments.

Construction is under way at the site in Truganina, just outside Melbourne, and operations are scheduled to commence in Q4 of FY14. Premier expects to invest approximately $19 million in the purchase and development of the facility. Premier intends to fully debt fund the purchase of the facility.

Premier Retail will invest a further $8 million to fit out the facility. Lower occupancy and operational costs of more than $2 million per year will be realised within three years.

One-off transition costs of between $3 million and $4 million will be incurred in FY14 to facilitate the relocation of operations, with the existing distribution centres in New South Wales and Victoria to be closed.

This strategic investment leverages the financial strength of Premier to provide significant cost savings to the group whilst acquiring an asset that will increase in value over time for the benefit of shareholders rather than a landlord.

The National DC will provide the capacity to support Premier Retail's growth plans across all channels, including the fast-growing internet business. Premier recognises the importance a distribution centre plays in a fast moving, vertically integrated multi-channel retail business and therefore Premier believes it is strategically important to control this key asset going forward.

ONLINE GROWTH

Premier Retail's brands and SKUs are all online and internet sales increased 37% during the year as the business continued to focus on growing this channel.

All brands now operate on a world class internationally competitive platform with mobile sites –cementing the local leadership position Premier Retail has taken in this channel.

We will continue to invest and develop this channel to achieve our aspiration of 10% of sales.

PROGRESS AGAINST CORE TRANSFORMATION INITIATIVES

Rejuvenation of core apparel brands

- Portmans, Dotti and Jacqui E achieved significant profit growth in FY13
- Just Jeans is under new leadership with the appointment in August 2013 of Matthew McCormack (formerly Fashion Director for John Lewis in London) – Matthew is driving renewed focus on product leadership, assortment and market position
- Jays Jays continues to be management's primary focus – changes to management, along with a clear focus on the customer (including investments in store format) are expected to achieve improved performance over the next 12 months

Organisation-wide cost efficiency program

- Costs continue to be well controlled despite inflationary pressures from salaries and rents

Gross margin expansion program

- Premier Retail's gross margin improved 117 bps in FY13
- This builds on our FY12 result of a 99 bps improvement
- Improved sourcing and better assortments are driving margin improvements

Premier Retail CEO Mark McInnes commented: *"Our growth brands are performing well, despite difficult trading conditions, and we continue to look for ways to support the development of these brands to maximise shareholder value. The turnaround of core brands has delivered some pleasing results, but we still have more work to do."*

"We are investing in our offer to customers to ensure we remain the leading multi-channel destination in all the categories we operate in. Our investment in supply chain is evidence of strong growth in online sales and our long term commitment to establishing competitive advantage through this channel."

PREMIER INVESTMENTS' FINANCIAL STRENGTH

The strength of the cash flows generated during the year allowed Premier to increase its dividend whilst also improving cash on hand by $19.0 million to $313.2 million. Premier Retail also further reduced its debt by $21.0 million to $102.0 million.

The balance sheet was further enhanced by the strong result from Breville Group during the year. Premier's year end balance sheet reflects the investment in associate (Breville) at $184.1m. The current market value of Premier's holding in Breville is approximately $286.7m.[3]

It is Premier's strong balance sheet that has enabled our investment in the new distribution centre and the funding of ambitious growth initiatives. Premier continues to retain the flexibility to pursue other opportunities that may arise in the future.

DIVIDEND

The Premier Board has declared a final fully franked dividend of 19 cents per share bringing full year dividends to 38 cents per share fully franked (FY12: 36 cents). The final dividend will be payable on 18 November 2013. The dividend will be 100% franked. The record date will be 10 October 2013.

ENDS

For enquiries:

For investors and analysts
Mark Middeldorf
Premier Investments
Tel: +61 3 9650 6500

For media
Lauren Thompson
Mob: +61 438 954 729

[3] Based on BRG share price as at 16 September 2013 of $8.57 per share

Appendix A: Pro Forma Numbers

RECONCILIATION BETWEEN REPORTED AND PRO FORMA

Due to a change in the Breville Group Limited ("BRG") Board, PMV was required to commence equity accounting for its investment in BRG from 1 March 2013 giving rise to a one-off accounting reclassification of $105.2 million (after tax).

The pro forma and underlying numbers provided are shown as if BRG was equity accounted for the full year FY13 and FY12.

	Net Profit Before Tax		Net Profit After Tax	
$m's	**52 weeks to 27 July 2013**	**52 weeks to 28 July 2012**	**52 weeks to 27 July 2013**	**52 weeks to 28 July 2012**
Reported	**245.9**	**92.8**	**174.5**	**68.3**
One-off reclassification gain from commencement of equity accounting of BRG	(149.8)	–	(105.2)	–
Dividends received from BRG accounted for as dividend income	(3.9)	(6.5)	(3.9)	(6.5)
Part of year equity accounting for net profit after tax from BRG	(3.2)	–	(3.2)	–
Pro forma PMV's 25.7% interest in BRG NPAT for full years	12.8	11.8	12.8	11.8
Pro forma	**101.8**	**98.1**	**75.0**	**73.6**

Overview of Premier's non-IFRS financial information

- IFRS financial information is financial information that is presented in accordance with all relevant accounting standards.
- Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. For example:
  - Profit information calculated on a basis other than under accounting standard definitions or calculated in accordance with accounting standards and then adjusted, e.g. "normalised" or "underlying";
  - Profits that exclude certain transactions, e.g. exclude "one-off" or "non-recurring"; and
  - Pro forma financial information.
- Any non-IFRS financial information is clearly labelled as "normalised", "pro forma" or "look-through" to differentiate it from reported/IFRS financial information.
- Premier provides reconciliations on the face of the slides, appendices and in the footnotes of the presentation in order allow the reader of the presentations to clearly reconcile between the IFRS and non-IFRS financial information.
- Premier management believes that the presentation of additional non-IFRS information in its results presentations provides readers of these documents with a greater understanding into the way in which management analyses the business as well as meaningful insights into the financial condition or Premier's overall performance.
- The Australian Securities and Investments Commission (ASIC) acknowledges the relevance of non-IFRS financial information in providing "meaningful insight" as long as it does not mislead the reader.

Appendix 4E

Preliminary final report
Current Reporting Period: 52 weeks ending 27 July 2013
Previous Corresponding Period: 52 weeks ending 28 July 2012

Name of entity:

PREMIER INVESTMENTS LIMITED **ABN 64 006 727 966**

All numbering used within this document refers to the numbering used in the guidelines issued by the Australian Stock Exchange under Rule 4.3A

1. Reporting periods

Financial year ended ("Current period")	Financial year ended ("Previous corresponding period")
27 July 2013	**28 July 2012**

2. Results for announcement to the market

2.1 Revenues from ordinary activities	up	16.9%	to	$1,018,244,000
2.2 Profit from ordinary activities after tax attributable to members	up	155.7%	to	$174,473,000
2.3 Net profit for the period attributable to members	up	155.7%	to	$174,473,000

2.4 Dividends (distributions)

			Amount per security	Franked amount per security
Final dividend	Record Date	10 October 2013	19.0 cents	19.0 cents
Interim dividend	Paid	17 May 2013	19.0 cents	19.0 cents

2.5 Record date for determining entitlements to the dividend

10 October 2013

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood

Revenue from ordinary activities for the year ended 27 July 2013 includes a gain of $149,803,000 which relates to a reclassification of cumulative fair value movements on available-for-sale financial assets previously recognised in other comprehensive income. The reclassification adjustment is as a result of a change in the accounting treatment of the Group's investment in Breville Group Limited from an available-for-sale financial asset to an investment in associate.

The net reclassification adjustment after tax amounted to $105,151,000.

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

3. Income Statement

Please refer to the attached financial statements for the period ended 27 July 2013.

4. Balance Sheet

Please refer to the attached financial statements for the period ended 27 July 2013.

5. Cash Flow Statement

Please refer to the attached financial statements for the period ended 27 July 2013.

6. Dividends

Date the dividend is payable	18 November 2013
Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of registrable transfers received by 5.00 pm if +securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	10 October 2013

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	19.0 cents	19.0 cents	Nil
	Previous year	18.0 cents	18.0 cents	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	38.0 cents	36.0 cents
Preference +securities	Nil	Nil

Preliminary final report - final dividend on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	29,499	27,947
Preference +securities	-	-
Total	29,499	27,947

7. Dividend reinvestment plans

The +dividend plans shown below are in operation.

Dividend Reinvestment plan does not apply to the final dividend

The last date(s) for receipt of election notices for the +dividend plans	N/A

8. Statement of Changes in Equity

Please refer to the attached financial statements for the period ended 27 July 2013.

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$2.87	$2.54

10. Control gained over entities having material effect

Name of entity (or group of entities)	N/A
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 +acquired	N/A
Date from which such profit has been calculated	N/A
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	N/A

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
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	N/A
Date to which the profit (loss) in item 14.2 has been calculated	N/A
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	N/A
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

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

Name of Subsidiary/Joint Venture entity	**Ownership Interest**	**Entity Net Profit(Loss) After Tax 2013**	**Entity Net Profit(Loss) After Tax 2012**
Just Kor Fashion Group (Pty Ltd)	50%	$(133,000)	$(101,000)
Breville Group Limited	25.7%	$3,247,000	N/A

12. Other significant information

Not applicable

13. Foreign Entities – accounting standards used in compiling the report

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 investors presentation accompanying this preliminary final report.

15. Compliance statement

This report should be read in conjuction with the attached financial statements for the period ended 27 July 2013. The attached financial statements are in the process of being audited.

Sign here: .... Date 17 September 2013
Company Secretary

Print name: KIM DAVIS

PREMIER INVESTMENTS LIMITED
A.C.N. 006 727 966

FINANCIAL STATEMENTS
FOR THE PERIOD COMMENCING 29 JULY 2012 TO 27 JULY 2013

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 JULY 2013 AND 28 JULY 2012

	NOTES	CONSOLIDATED 2013 $'000	2012 $'000
Continuing operations			
Revenue from sale of goods	3	843,172	837,195
Other revenue	3	18,239	23,779
Total revenue		861,411	860,974
Other income	3	156,833	10,012
Total income		1,018,244	870,986
Changes in inventories of finished goods and work in progress and raw materials used		(321,813)	(330,115)
Employee expenses		(210,775)	(198,154)
Operating lease rental expense	4	(178,343)	(176,949)
Depreciation, impairment and amortisation	4	(19,187)	(17,328)
Advertising and direct marketing		(12,481)	(9,879)
Finance costs	4	(6,988)	(10,194)
Other expenses		(25,815)	(35,499)
Total expenses		(775,402)	(778,118)
Share of profit (loss) of an associate	10	3,114	(101)
Profit from continuing operations before income tax		245,956	92,767
Income tax expense	5	(71,483)	(24,519)
Net profit for the period attributable to owners		**174,473**	**68,248**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gains on available-for-sale financial assets	12	32,115	47,838
Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	12	(149,803)	-
Cash flow hedges	12	18,270	13,454
Foreign currency translation	12	1,211	58
Net movement in other comprehensive income of associate	12	1,219	-
Income tax on items of other comprehensive income	12	29,589	(18,324)
Other comprehensive income for the period, net of tax		**(67,399)**	**43,026**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**107,074**	**111,274**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
- basic for profit for the year (cents per share)	15	112.37	43.97
- diluted for profit for the year (cents per share)	15	111.07	43.52
- basic for profit from continuing operations (cents per share)	15	112.37	43.97
- diluted for profit from continuing operations (cents per share)	15	111.07	43.52

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

AS AT 27 JULY 2013 AND 28 JULY 2012

		CONSOLIDATED	
	NOTES	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	14	313,157	294,168
Trade and other receivables		6,858	6,615
Inventories		83,959	71,092
Other financial instruments		13,625	17,150
Income tax receivable		-	3,413
Other current assets		4,676	4,292
Total current assets		422,275	396,730
Non-current assets			
Trade and other receivables		1,929	2,023
Available-for-sale financial assets	7	-	152,345
Property, plant and equipment	8	83,402	80,326
Intangible assets	9	854,529	854,490
Deferred tax assets	5	10,928	12,158
Investments in associates	10	185,534	1,484
Other financial instruments		3,417	-
Total non-current assets		1,139,739	1,102,826
TOTAL ASSETS		1,562,014	1,499,556
LIABILITIES			
Current liabilities			
Trade and other payables		54,514	45,947
Interest-bearing liabilities	11	48	136
Other financial instruments		28	2,301
Income tax payable		13,463	-
Provisions		16,764	20,005
Other current liabilities		4,771	5,059
Total current liabilities		89,588	73,448
Non-current liabilities			
Interest-bearing liabilities	11	101,920	122,855
Deferred tax liabilities	5	58,295	43,944
Provisions		1,467	1,402
Other financial instruments		159	-
Other		10,219	8,101
Total non-current liabilities		172,060	176,302
TOTAL LIABILITIES		261,648	249,750
NET ASSETS		1,300,366	1,249,806
EQUITY			
Contributed equity		608,615	608,615
Reserves	12	16,789	83,256
Retained earnings		674,962	557,935
TOTAL EQUITY		1,300,366	1,249,806

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 27 JULY 2013 AND 28 JULY 2012

		CONSOLIDATED	
	NOTES	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		931,411	928,834
Payments to suppliers and employees (inclusive of GST)		(844,709)	(844,502)
Dividends received		3,862	6,538
Interest received		13,404	16,517
Borrowing costs paid		(6,386)	(9,651)
Income taxes paid		(8,474)	(19,022)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(b)	89,108	78,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets		-	15
Payment for financial instruments		-	(21,495)
Proceeds from sale of financial instruments		20,247	9,115
Dividends received from associates		4,683	-
Payment for trademarks		(96)	(83)
Proceeds from sale of plant and equipment		7	42
Payment for property, equipment and leasehold premiums		(14,407)	(13,258)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		10,434	(25,664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(57,446)	(55,858)
Proceeds from borrowings		22,000	38,000
Repayment of borrowings		(45,000)	(48,000)
Payment of debt establishment fees		-	(747)
Payment of finance lease liabilities		(107)	(85)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(80,553)	(66,690)
NET INCREASE (DECREASE) IN CASH HELD		18,989	(13,640)
Cash at the beginning of the financial period		294,168	307,808
CASH AT THE END OF THE FINANCIAL PERIOD	14(a)	313,157	294,168

The accompanying notes form an integral part of this Statement of Cash Flows.

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 JULY 2013 AND 28 JULY 2012

	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
At 29 July 2012	608,615	464	1,451	(1,349)	72	82,618	557,935	1,249,806
Net Profit for the period	-	-	-	-	-	-	174,473	174,473
Other comprehensive income (loss)	-	-	-	12,789	2,430	(82,618)	-	(67,399)
Total comprehensive income for the period	-	-	-	12,789	2,430	(82,618)	174,473	107,074
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	932	-	-	-	-	932
Dividends Paid	-	-	-	-	-	-	(57,446)	(57,446)
Balance as at 27 July 2013	608,615	464	2,383	11,440	2,502	-	674,962	1,300,366
At 31 July 2011	608,615	464	799	(10,767)	14	49,068	545,545	1,193,738
Net Profit for the period	-	-	-	-	-	-	68,248	68,248
Other comprehensive income	-	-	-	9,418	58	33,550	-	43,026
Total comprehensive income for the period	-	-	-	9,418	58	33,550	68,248	111,274
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	652	-	-	-	-	652
Dividends Paid	-	-	-	-	-	-	(55,858)	(55,858)
Balance as at 28 July 2012	608,615	464	1,451	(1,349)	72	82,618	557,935	1,249,806

The accompanying notes form an integral part of this Statement of Changes in Equity

1 CORPORATE INFORMATION

The financial report of Premier Investments Limited for the 52 weeks ended 27 July 2013.

Premier Investments Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report is prepared for the 52 weeks beginning 29 July 2012 to 27 July 2013.

(a) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for other financial instruments and available-for-sale investments, which have been measured at fair value as explained in the accounting policies below.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) under the option available to the company under Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The Group is an entity to which the Class Order applies.

(b) STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of the beginning of the financial year, the Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations that are relevant to the Group and its operations and that are effective for the current annual reporting period.

(i) *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income:* This amendment requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified to profit or loss and those that will not, and requires the tax associated with items presented before tax to be shown separately for each of these categories. The amendments have been applied retrospectively; hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments does not result in any impact on profit or loss or other comprehensive income.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Accounting Standards and Interpretations issued but not yet effective

Recently issued or amended Australian Accounting Standards and Interpretations that have been identified as those which may be relevant to the Group in future reporting periods, but are not yet effective and have not been adopted by the Group for the reporting period ending 27 July 2013, are outlined in the table below:

Title	Summary	Application date of standard *	Impact on Group financial report	Application date for Group *
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 *Financial Instruments: Presentation* are not all met.	1 January 2013	The Group has not yet determined the potential effects of the standard.	28 July 2013
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right to set-off" and that some gross settlement systems my be considered equivalent to net settlement.	1 January 2014	The Group has not yet determined the potential effects of the standard.	27 July 2014
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. Key amendments include: • AASB 101 – clarification of the requirements of comparative information; • AASB 134 – interim reports and segment information for total assets and liabilities.	1 January 2013	The Group has not yet determined the potential effects of the standard.	28 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	1 January 2013	The Group has not yet determined the potential effects of the standard.	28 July 2013

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Summary	Application date of standard *	Impact on Group financial report	Application date for Group *
AASB 119 Employee Benefits	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Other changes introduced to this standard relates to the accounting for defined benefit plans. Consequential amendments are also made to other standards via AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*	1 January 2013	The Group has not yet determined the potential effect of the revised definition of short-term employee benefits. The standard shall be applied retrospectively from the application date for the Group.	28 July 2013
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	AASB 9 introduces new requirements for classifying and measuring financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These measures improve and simplify the approach for classification and measurement of financial assets. The main changes are described below: • Debt instruments will be classified based on the objective of the entity's business model for managing the financial asset, and the characteristics of the contractual cash flows. • Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. • Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. • New requirements apply where an entity chooses to measure a liability at fair value through profit or loss. In these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.	1 January 2015	The Group has not yet determined the potential effects of the standard. Retrospective application is generally required.	26 July 2015

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	**Summary**	**Application date of standard ***	**Impact on Group financial report**	**Application date for Group ***
AASB 10 Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation-Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments are also made to other standards via AASB 2011-7 *Amendments to Australian Accounting Standards* and AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*.	1 January 2013	While the Group does not expect the new standard to have a significant impact on its current composition, it will be required to perform a detailed analysis of the new guidance in the context of future investees that may or may not be controlled under the new rules.	28 July 2013
AASB 11 Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-*113 Jointly-controlled Entities – Non monetary contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Consequential amendments are also made to other standards via AASB 2011-7 *Amendments to Australian Accounting Standards* and amendments to AASB 128 *Investments in Associates and Joint Ventures.*	1 January 2013	While the Group does not expect the new standard to have a significant impact on the current classification and accounting for its joint arrangement, it will be required to perform a detailed analysis of the new guidance in the context of future joint arrangements under the new rules.	28 July 2013
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	In general, the disclosure requirements in AASB 12 are more extensive than those in the current standards. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but may impact future disclosures of the Group's investments.	28 July 2013

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Summary	Application date of standard *	Impact on Group financial report	Application date for Group *
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments are also made to other standards via AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13.*	1 January 2013	The Group has not yet determined the potential effects of the standard. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The standard and disclosure requirements shall be applied prospectively from the application date for the Group.	28 July 2013

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgement and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from those estimated under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that is it probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Given the current uncertain economic environment, management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or through the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(ii) Significant accounting estimates and assumptions

Estimated impairment of goodwill and intangibles with indefinite useful lives

The Group tests whether goodwill has suffered any impairment annually, in accordance with the accounting policy stated in note 2(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 9 for details of these assumptions and the potential impact of changes to the assumptions.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined at grant date using the Black-Scholes Model and taking into account the terms and conditions upon which the instruments were granted.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation charges are included in note 4.

Valuation of Investments

The Group has decided to classify investments in listed and unlisted securities as available-for-sale investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published quotations in an active market. The fair values of unlisted securities not traded in an active market are determined by an appropriately qualified independent valuer by projecting future cash flows from expected future dividends and subsequent disposal of the securities. These cash flows are then discounted back to their present values using a pre-tax risk adjusted discount rate.

Estimated gift card redemption rates

The key assumption in measuring the liability for gift cards and vouchers is the expected redemption rates by customers. Expected redemption rates are reviewed annually, and adjustments are made to the expected redemption rates when considered necessary.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Onerous lease provisions

The Group provides for onerous contracts when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Group considers whether a lease is potentially onerous by reference to the profitability and projected profitability of a store, and whether the store has been identified for closure prior to lease expiry. The Group estimates the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous lease contracts.

(e) BASIS OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited (the parent entity) and its subsidiaries ('the Group') as at the end of each financial year. Interests in associates are equity accounted and are not part of the consolidated Group. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities as at the end of the financial year.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Premier Investments Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment losses. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) OPERATING SEGMENTS

The Group determines and presents operating segments based on the information that is internally provided and used by the chief operating decision maker in assessing the performance of the entity and in determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discreet financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(g) FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of Premier Investments Limited and its Australian subsidiaries is in Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences in the consolidated financial report are taken to the statement of comprehensive income.

The New Zealand subsidiaries' functional currency is New Zealand dollars. The Singapore subsidiaries' functional currency is Singapore Dollars. Just Kor Fashion Group (Pty) Ltd, the South African joint venture, has a functional currency of South African Rand.

As at the reporting date the assets and liabilities of the overseas subsidiary are translated into the presentation currency of Premier Investments Limited at the rate of exchange ruling at the reporting date and the statements of comprehensive incomes are translated at the weighted average exchange rates for the period.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

(h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and in banks, money market investments readily convertible to cash within two working days and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) TRADE AND OTHER RECEIVABLES

Trade receivables and lay-by debtors, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables and lay-by debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

(j) INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress - purchase cost plus a proportion of the purchasing department, freight, handling and warehouse costs incurred to deliver the goods to the point of sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated direct costs necessary to make the sale.

(k) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Store plant and equipment 3 to 8 years
- Leased plant and equipment 2 to 5 years
- Other plant and equipment 2 to 10 years

The carrying values of plant and equipment are reviewed for impairment annually for events or changes in circumstances that may indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If an indication of impairment exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) GOODWILL

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of assessing impairment, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(m) INTANGIBLE ASSETS (excluding goodwill)

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of intangibles with indefinite lives impairment is tested annually or where an indicator of impairment exists, either individually or at the cash-generating unit level.

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value-in-use.

It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value, less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) INTANGIBLE ASSETS (excluding goodwill) (CONTINUED)

A summary of the policies applied to the Group's intangible assets is as follows:

	Brands	***Premiums paid on acquisition of leaseholds***	***Trademarks & Licences***
Useful life	Indefinite	Finite	Finite
Method used	Not amortised or revalued	Amortised over the term of the lease	Amortised over the estimated useful life
Internally generated/acquired	Acquired	Acquired	Acquired
Impairment test/recoverable amount testing	Annually; for indicators of impairment	Amortisation method reviewed at each financial year end; reviewed annually for indicators of impairment	Amortisation method reviewed at each financial year end; reviewed annually for indicators of impairment

(n) OTHER FINANCIAL ASSETS

(i) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, which are designated as available-for-sale or are not classified as held for trading nor designated at fair value through profit or loss. All available-for-sale investments are initially recognised at cost, being fair value of the consideration given and includes acquisition charges associated with the investment.

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

(ii) Non-derivative financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at cost and amortised using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

(o) INVESTMENT IN ASSOCIATE

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor operating unincorporated joint ventures.

Under the equity method, investments in the associates are initially recognised at deemed cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of profit or loss of an associate is recognised in the statement of comprehensive income and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change, when applicable, in the statement of changes in equity. Dividends receivable from the associate is recognised in the parent entity's statement of comprehensive income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The reporting date of the associates are currently 30 June and the associates' accounting policies materially conform to those used by the Group for like transactions and events in similar circumstances.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) TRADE AND OTHER PAYABLES

Liabilities for trade creditors and other amounts are recognised and carried at original invoice cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the consolidated entity.

Trade liabilities are normally settled on terms of between 7 and 90 days.

(q) LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(r) INTEREST-BEARING LOANS AND BORROWINGS

All loans, borrowings and interest-bearing payables are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, such items are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Fees paid on the establishment of loan facilities are amortised over the life of the facility. On-going borrowing costs are expensed as incurred.

(s) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time-value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) ONEROUS LEASE PROVISIONS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

(u) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay, resulting from employees' services provided up to the reporting date. The provisions have been calculated at nominal amounts based on current wage and salary rates, and include related on-costs.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Related on-costs have also been included in the liability.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match as closely as possible the estimated cash outflow.

(iii) Retirement benefit obligations

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group operates a defined contribution plan. Contributions to the plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is made available.

(v) DEFERRED INCOME

(i) Lease Incentives

Lease incentives are capitalised in the financial statements when received and credited to revenue over the term of the store lease to which they relate.

(ii) Deferred rent

Operating lease expenses are recognised on a straight-line basis over the lease term, which includes the impact of annual fixed rate percentage increases.

(w) REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) REVENUE RECOGNITION (CONTINUED)

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Risks and rewards are considered passed to the customer at the point-of-sale in retail stores and at the time of delivery to catalogue and wholesale customers.

(ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(iv) Lay-by sales

The Group has a history of most lay-by sales in retail stores being completed following receipt of an initial deposit. Therefore, the Group has elected to recognise revenue on lay-by sales upon receipt of a deposit.

(v) Gift cards

Revenue from the sale of gift cards is recognised upon redemption of the gift card, or when the card is no longer expected to be redeemed, based on analysis of historical non-redemption rates.

(x) INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) INCOME TAX (CONTINUED)

- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses, can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the deductible temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Effective 1 July 2003, Premier Investments Limited and its wholly owned Australian controlled entities implemented a tax consolidation group. The head entity, Premier Investments Limited and the controlled entities continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach to determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Premier Investments Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(z) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating and accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is to be classified as equity, it should not be remeasured until it is finally settled within equity.

(aa) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments (including forward currency contracts and foreign exchange options) to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-valued to fair value at subsequent reporting dates. Any derivative financial instruments acquired through business combinations are re-designated.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the period.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect the statement of comprehensive income. The Group's cash flow hedges that meet the strict criteria for hedge accounting are accounted for by recognising the effective portion of the gain or loss on the hedging instrument directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedge transaction (finance costs or inventory purchases) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on an ongoing basis both retrospectively and prospectively using the ratio offset method. If the testing falls within the 80% to 125% range, the hedge is considered to be highly effective and continues to be designated as a cash flow hedge.

At each reporting date, the Group measures ineffectiveness using the ratio offset method. For foreign currency cash flow hedges if the risk is over-hedged, the ineffective portion is taken immediately to other income/expense in the statement of comprehensive income.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the statement of comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(cc) EARNINGS PER SHARE

Basic earnings per share are calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for costs of servicing equity, the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(dd) SHARE-BASED REMUNERATION SCHEMES

The Group provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The plans in place to provide these benefits are a long-term incentive plan known as the performance rights plan (PRP).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) The grant date fair value of the award;

(ii) The extent to which the vesting period has expired; and

(iii) The current best estimate of the number of awards that will vest as at the grant date.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

No expense is recognised for awards that do not ultimately vest, except for equity settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested, irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are met.

(ee) COMPARATIVES

The current reporting period, 29 July 2012 to 27 July 2013, represents 52 weeks and the comparative reporting period is from 31 July 2011 to 28 July 2012 which also represents 52 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

		CONSOLIDATED	
		2013 $'000	2012 $'000
3	REVENUE		
	REVENUE		
	Revenue from sale of goods	836,454	829,138
	Revenue from sale of goods to associate	6,718	8,057
	Revenue from sale of goods	843,172	837,195
	OTHER REVENUE		
	Membership program fees	521	476
	INTEREST		
	Other persons	13,520	16,450
	Associate	336	315
	Total Interest	13,856	16,765
	DIVIDENDS		
	Other listed companies	3,862	6,538
	Total Dividends	3,862	6,538
	TOTAL OTHER REVENUE	18,239	23,779
	TOTAL REVENUE	861,411	860,974
	OTHER INCOME		
	Amortisation of deferred income	2,539	4,293
	Gain on ineffective cash flow hedges	632	-
	Net gain on financial instruments	3,350	4,516
	Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	149,803	-
	Royalty and licence fees		
	Other persons	377	357
	Other	132	846
	TOTAL OTHER INCOME	156,833	10,012
	TOTAL INCOME	1,018,244	870,986

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
4 EXPENSES AND LOSSES			
EXPENSES			
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of plant and equipment	8	18,804	17,209
Amortisation of plant and equipment under lease	8	53	46
Impairment of plant and equipment	8	262	-
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		19,119	17,255
AMORTISATION OF NON-CURRENT ASSETS			
Amortisation of leasehold premiums	9	68	73
TOTAL AMORTISATION OF NON-CURRENT ASSETS		68	73
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		19,187	17,328
FINANCE COSTS			
Finance charges payable under finance leases		36	39
Bank loans and overdraft		6,198	9,654
Provision for discount adjustment on onerous leases		754	501
TOTAL FINANCE COSTS		6,988	10,194
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		152,533	151,812
Contingent rentals		25,810	25,137
TOTAL OPERATING LEASE EXPENSES		178,343	176,949
OTHER EXPENSES INCLUDES			
Bad debts		-	3
Share-based payments expense		932	652
Foreign exchange losses		243	630
Loss on ineffective cash flow hedges		-	39
Loss on disposal of available-for-sale financial assets		-	24
Net loss on disposal of plant and equipment		352	289

		CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
5	**INCOME TAX**		
	The major components of income tax expense are:		
(a)	INCOME TAX RECOGNISED IN PROFIT AND LOSS		
	CURRENT INCOME TAX		
	Current income tax charge	21,111	19,842
	Adjustment in respect of current income tax of previous years	(279)	(1,044)
	DEFERRED INCOME TAX		
	Change in tax rate	-	158
	Relating to origination and reversal of temporary differences	5,999	5,563
	Deferred income tax reclassified from equity to profit and loss	44,652	-
	INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	71,483	24,519
(b)	STATEMENT OF CHANGES IN EQUITY		
	Deferred income tax related to items charged (credited) directly to equity:		
	Net deferred income tax on movements on cash-flow hedges	5,481	4,036
	Unrealised gain on available-for-sale investments	9,582	14,288
	Deferred income tax reclassified from equity to profit and loss	(44,652)	-
	INCOME TAX EXPENSE (BENEFIT) REPORTED IN EQUITY	(29,589)	18,324
(c)	NUMERICAL RECONCILIATION BETWEEN AGGREGATE TAX EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND TAX EXPENSE CALCULATED PER THE STATUTORY INCOME TAX RATE		
	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	245,956	92,767
	At the Parent Entity's statutory income tax rate of 30% (2012: 30%)	73,787	27,830
	Adjustment in respect of current income tax of previous years	(279)	(1,044)
	Effect on deferred tax balances due to change in income tax rate	-	158
	Items not recognised in deferred tax balances	(447)	(615)
	Expenditure not allowable for income tax purposes	424	151
	Income not assessable for tax purposes	(2,002)	(1,961)
	AGGREGATE INCOME TAX EXPENSE	71,483	24,519

5 INCOME TAX (CONTINUED)

		CONSOLIDATED	
		2013 $'000	2012 $'000
(d)	*RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES*		
	DEFERRED TAX RELATES TO THE FOLLOWING:		
	Intangibles	(943)	(960)
	Foreign currency balances	(4,998)	58
	Expenditure deductible for tax purposes over five years	-	8
	Potential capital gains tax on financial investments	(44,637)	(35,055)
	Deferred gains and losses on foreign exchange contracts	-	614
	Inventory provisions	235	275
	Deferred rent gain	1,839	1,998
	Deferred lease incentive income	2,626	1,963
	Employee provisions	5,211	5,017
	Other receivables and prepayments	(316)	(359)
	Plant and equipment	(7,134)	(7,120)
	R&D depreciation equipment	(113)	(235)
	Leased plant and equipment	(32)	(73)
	Other	861	2,008
	Lease liability	34	75
	NET DEFERRED TAX ASSETS (LIABILITIES)	(47,367)	(31,786)
	REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
	Deferred tax assets	10,928	12,158
	Deferred tax liabilities	(58,295)	(43,944)
	NET DEFERRED TAX LIABILITIES	(47,367)	(31,786)

5 INCOME TAX (CONTINUED)

TAX CONSOLIDATION

Effective 1 July 2003 for the purposes of income taxation, Premier Investments Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Premier Investments Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax-sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date the possibility of default is remote.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based upon the appropriate amount of current taxes due. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim amounts to assist with its obligations to pay tax instalments.

	CONSOLIDATED	
	2013 $'000	2012 $'000
6 DIVIDENDS PAID AND PROPOSED		
RECOGNISED AMOUNTS		
Declared and paid during the year		
Interim franked dividends for 2013:		
19 cents per share (2012: 18 cents)	29,499	27,947
Final franked dividends for 2012:		
18 cents per share (2011: 18 cents)	27,947	27,911
UNRECOGNISED AMOUNTS		
Final franked dividend for 2013:		
19 cents per share (2012: 18 cents)	29,499	27,947
FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2012: 30%)	213,809	227,381
- franking credits that will arise from the payment of income tax payable (receivable) as at the end of the financial year	13,141	(3,486)
- franking debits that will arise from the payment of dividends as at the end of the financial year	(12,642)	(11,977)
	214,308	211,918

The tax rate at which paid dividends have been franked is 30% (2012: 30%). Dividends proposed will be franked at the rate of 30% (2012: 30%).

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	NOTES	2013 $'000	2012 $'000
INVESTMENTS			
Shares in companies quoted on prescribed stock exchange at fair value		-	152,345
TOTAL INVESTMENTS		-	152,345

Investments represent the definition of available-for-sale financial assets as per AASB 139 *"Financial Instruments: Recognition & Measurements".*

The fair value of listed investments has been determined directly by reference to published price quotations in an active market.

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

8 PROPERTY, PLANT AND EQUIPMENT

	NOTES	2013 $'000	2012 $'000
Plant and equipment – at cost		169,726	151,133
Less: accumulated depreciation and impairment		(88,603)	(71,050)
Total		81,123	80,083
Capitalised leased assets – at cost		343	896
Less: accumulated depreciation and impairment		(237)	(653)
Total		106	243
Capital works in progress		2,173	-
TOTAL PLANT AND EQUIPMENT		83,402	80,326

RECONCILIATIONS

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

	NOTES	2013 $'000	2012 $'000
Plant and equipment			
At beginning of the financial period		80,083	84,676
Additions		19,231	13,986
Disposals		(360)	(331)
Exchange differences		1,235	(1,039)
Impairment	4	(262)	-
Depreciation	4	(18,804)	(17,209)
Net carrying amount at end of period		81,123	80,083
Leased plant and equipment			
At beginning of the financial period		243	101
Additions		-	188
Disposals		(84)	-
Amortisation	4	(53)	(46)
Net carrying amount at end of period		106	243
Capital works in progress		2,173	-
TOTAL		83,402	80,326

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CAPITAL WORKS IN PROGRESS

During the year, the Group entered into an agreement to acquire a property in Truganina Victoria, to establish a National Distribution Centre. Construction of the Distribution Centre is currently underway. The balance of the purchase price, being $15,615,000, is payable upon settlement.

IMPAIRMENT OF PLANT AND EQUIPMENT

On an individual store basis, identified to be the cash generating units of the Group's retail segment, the recoverable amount was estimated for certain items of plant and equipment. The recoverable amount estimation was based on a value in use calculation and was determined at the cash-generating unit level.

These calculations use cash flow projections based on financial budgets approved by management, covering a three year period. Cash flows beyond the three year period are extrapolated using the growth rate stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The post tax discount rate applied to the cash flow projections is 10.5% (2012: 10.5%) and the cash flows beyond the five year period are extrapolated using a growth rate of 3%. The discount rate used reflects management's estimate of the time value of money and risks specific to each unit not already reflected in the cash flow. In determining the appropriate discount rate, regard has been given to the weighted average cost of capital for the retail segment.

When considering the recoverable amount, the net present value of cash flows has been compared to reasonable earnings multiples for comparable companies. An impairment review was conducted based on a store by store review. As a result, a net impairment loss of $262,000 was recognised during the financial year (2012:$nil).

9 INTANGIBLES

RECONCILIATION OF CARRYING AMOUNTS AT THE BEGINNING AND END OF THE PERIOD

	CONSOLIDATED				
	GOODWILL $'000	BRAND NAMES $'000	TRADEMARK $'000	LEASEHOLD PREMIUMS $'000	TOTAL $'000
YEAR ENDED 27 JULY 2013					
As at 29 July 2012 net of accumulated amortisation and impairment	477,085	376,179	1,080	146	854,490
Trademark registrations	-	-	96	-	96
Amortisation	-	-	-	(68)	(68)
Exchange differences	-	-	-	11	11
As at 27 July 2013 net of accumulated amortisation and impairment	477,085	376,179	1,176	89	854,529
AS AT 27 JULY 2013					
Cost (gross carrying amount)	477,085	376,179	1,176	768	855,208
Accumulated amortisation and impairment	-	-	-	(679)	(679)
Net carrying amount	477,085	376,179	1,176	89	854,529

	GOODWILL $'000	BRAND NAMES $'000	TRADEMARK $'000	LEASEHOLD PREMIUMS $'000	TOTAL $'000
YEAR ENDED 28 JULY 2012					
As at 31 July 2011 net of accumulated amortisation and impairment	477,085	376,179	997	219	854,480
Trademark registrations	-	-	83	-	83
Amortisation	-	-	-	(73)	(73)
As at 28 July 2012 net of accumulated amortisation and impairment	477,085	376,179	1,080	146	854,490
AS AT 28 JULY 2012					
Cost (gross carrying amount)	477,085	376,179	1,080	723	855,067
Accumulated amortisation and impairment	-	-	-	(577)	(577)
Net carrying amount	477,085	376,179	1,080	146	854,490

9 INTANGIBLES (CONTINUED)

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.

Brand names with a carrying value of approximately $376,179,000 are assessed as having an indefinite useful life. The indefinite-useful life reflects management's intention to continue to operate these brands to generate net cash inflows into the foreseeable future.

IMPAIRMENT TESTING OF GOODWILL

Impairment of goodwill acquired in a business combination is determined by assessing the recoverable amount of the cash-generating units (CGU) to which it relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

The key factors contributing to the goodwill relate to the synergies existing within the acquired business and also synergies expected to be achieved as a result of combining Just Group Limited with the rest of the Group. Accordingly, goodwill is assessed at a retail segment level.

The recoverable amount of the CGU has been determined based upon a value in use calculation, using cash flow projections as at July 2013, based on financial estimates approved by the senior management and the Board covering a five year period. The post tax discount rate applied to these cash flow projections is 11.1% (2012: 11.0%). Cash flows beyond the 5 year period are extrapolated using a growth rate of 3%.

Management has considered the possible change in expected sales volumes and forecast EBITDA applied within the CGU to which goodwill relate, each of which have been subject to sensitivities. A reasonably possible adverse change in forecast sales volumes or EBITDA could have the potential to give rise to a circumstance where the recoverable amount may be lower than the carrying amount.

IMPAIRMENT TESTING OF BRAND NAMES

Brand names acquired through business combinations have been allocated to the following CGU groups ($'000) as no individual Brand name is considered significant:

- Casual wear - $188,975
- Women's wear - $137,744
- Non Apparel - $49,460

The recoverable amounts of Brand names acquired in a business combination are determined on an individual Brand basis based upon a value in use calculation. The value in use calculation has been determined based upon the relief from royalty method using cash flow projections as at July 2013. The cash flow projections are based on financial estimates approved by senior management and the Board covering a five year period.

When the recoverable amount of a Brand is less than the carrying amount, an impairment loss is recognised.

9 INTANGIBLES (CONTINUED)

The post tax discount rate applied to the cash flow projections for each of the three CGU's is 10.1% (2012: 10.1%). The extrapolated growth rates at which cash flows have been discounted or the individual brands within each of the CGU's have been summarised below:

CGU	*AVERAGE GROWTH RATES APPLIED TO PROJECTED CASH FLOWS*	*TERMINAL VALUE GROWTH RATE*
Casual wear	3% to 4%	3%
Women's wear	3% to 14%	3%
Non Apparel	4% to 8%	3%

Royalty rates have been determined for each brand within the CGU by considering the brand's history and future expected performance. Factors such as the profitability of the brand, market share, brand recognition and general conditions in the industry have also been considered in determining an appropriate royalty rate for each brand. Consideration is also given to the industry norms relating to royalty rates by analysing market derived data for comparable brands and by determining the notional royalty payments as a percentage of the divisional earnings before interest and taxation generated by the division in which the Brand names are used. Net royalty rates applied across the three CGU's range between 3.5% and 8.5%.

Management has considered the possible change in expected growth rates applied to brands within the CGU's, each of which have been subject to sensitivities, including changes in royalty rates. A reasonably possible adverse change in forecast sales volumes for some of the brands within the CGU's could have the potential to give rise to circumstances where the recoverable amount may be lower than the carrying amount.

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
10 INVESTMENTS IN ASSOCIATES		
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,484	1,754
Fair value of investment in Breville Group Limited accounted for using the equity method	184,326	-
Share of profit (loss) after income tax	3,114	(101)
Share of other comprehensive income	1,219	-
Foreign currency translation of investment	74	(169)
Dividends received	(4,683)	-
Investments in associates	185,534	1,484

Just Kor Fashion Group (Pty) Ltd

Just Jeans Group Pty Ltd, a subsidiary of Premier Investments Limited, has a 50% interest in a joint venture entity, Just Kor Fashion Group (Pty) Ltd, which is involved in retailing of the Jay Jays concept in South Africa. Just Kor Fashion Group (Pty) Ltd is a small proprietary company incorporated in South Africa. Its functional currency is South African Rand.

There were no impairment losses relating to the investment in the associate and no capital commitments or other commitments relating to the associate. The Group's share of the loss in its investment in the associate for the year was $132,554 (2012: Loss of $101,576).

The following table illustrates summarised financial information relating to the Group's investment in Just Kor Fashion Group (Pty) Ltd:

EXTRACT FROM THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION	2013 $'000	2012 $'000
Current assets	3,373	2,981
Non-current assets	1,539	2,030
Total assets	4,912	5,011
Current liabilities	(1,436)	(1,504)
Non-current liabilities	(2,050)	(2,023)
Total liabilities	(3,486)	(3,527)
NET ASSETS		
Share of associates net assets	1,426	1,484

EXTRACT FROM THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME	2013 $'000	2012 $'000
Revenue	12,663	14,291
Loss after income tax	(133)	(101)

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

Breville Group Limited

Premier Investments Limited holds 25.7% (2012: 25.7%) of Breville Group Limited, a company incorporated in Australia whose shares are quoted on the Australian Stock Exchange. With the appointment of Sally Herman to the Board of Directors of Breville Group Limited effective 1 March 2013, the Group is considered to hold significant influence as of that date. The Group previously accounted for its investment in Breville Group Limited as an available-for-sale financial asset. The fair value of the Group's investment in Breville Group Limited on 1 March 2013 amounted to $184,325,534. As at 27 July 2013, the fair value of the Group's interest in Breville Group Limited as determined based on the quoted market price was $248,889,650.

There were no impairment losses relating to the investment in associate and no capital commitments or other commitments relating to the associate. The Group's share of the profit in its investment in associate apportioned from 1 March 2013 was $3,246,659.

The financial year end date of Breville Group Limited is 30 June. For the purpose of applying the equity method of accounting, the financial statements of Breville Group Limited for the year ended 30 June 2013 have been used.

The following table illustrates summarised financial information relating to the Group's investment in Breville Group Limited:

EXTRACT FROM THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION	2013 $'000
Current assets	63,863
Non-current assets	23,152
Total assets	87,015
Current liabilities	(30,351)
Non-current liabilities	(4,936)
Total liabilities	(35,287)
NET ASSETS	
Share of associates net assets	51,728

EXTRACT FROM THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME, APPORTIONED FOR THE PERIOD 1 MARCH 2013 TO 30 JUNE 2013	2013 $'000
Revenue	39,976
Profit after income tax	3,247
Other comprehensive income	1,219

	CONSOLIDATED	
	2013 $'000	2012 $'000

11 INTEREST-BEARING LIABILITIES

	2013 $'000	2012 $'000
CURRENT		
Lease liability	48	136
TOTAL CURRENT	48	136
NON-CURRENT		
Lease liability	65	114
Bank loans* unsecured	85,000	108,000
Bank loans* unsecured (NZ$20.0 million)	17,240	15,357
	102,240	123,357
Less directly attributable borrowing costs	(385)	(616)
Net bank loans	101,855	122,741
TOTAL NON-CURRENT	101,920	122,855

* Bank loans are subject to a negative pledge and cross guarantee within the Just Group Ltd group. Premier Investments Limited is not a participant or guarantor of the Just Group Ltd financing facilities.

(a) *Fair values*

The carrying value of the Group's current and non-current borrowings approximates their fair value.

(b) *Defaults and breaches*

During the current and prior years, there were no defaults or breaches on any of the loans.

	CONSOLIDATED	
	2013 $'000	2012 $'000
12 RESERVES		
RESERVES COMPRISE:		
Capital profits reserve (a)	464	464
Fair value reserve (b)	-	82,618
Foreign currency translation reserve (c)	2,502	72
Cash flow hedge reserve (d)	11,440	(1,349)
Performance rights reserve (e)	2,383	1,451
TOTAL RESERVES	16,789	83,256

(a) CAPITAL PROFITS RESERVE

(i) Nature and purpose of reserve

The capital profits reserve is used to accumulate realised capital profits. There were no movements through the capital profits reserve.

(b) FAIR VALUE RESERVE

(i) Nature and purpose of reserve

This reserve is used to record gains and losses on revaluation to fair value of non current assets.

(ii) Movements in the reserve

	2013 $'000	2012 $'000
Opening balance	82,618	49,068
Increment on revaluation of available-for-sale financial assets	32,115	47,838
Net deferred income tax movement on financial assets	(9,582)	(14,288)
Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	(149,803)	-
Net deferred income tax reclassified from equity to profit and loss	44,652	-
CLOSING BALANCE	-	82,618

	CONSOLIDATED	
	2013 $'000	2012 $'000

12 RESERVES (CONTINUED)

(c) FOREIGN CURRENCY TRANSLATION RESERVE

(i) Nature and purpose of reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) Movements in the reserve

	2013 $'000	2012 $'000
Opening balance	72	14
Foreign currency translation overseas subsidiaries	1,211	58
Net movement in associate entity's reserves	1,219	-
CLOSING BALANCE	2,502	72

(d) CASH FLOW HEDGE RESERVE

(i) *Nature and purpose of reserve*

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(ii) Movements in the reserve

	2013 $'000	2012 $'000
Opening balance	(1,349)	(10,767)
Net gains (losses) on cash flow hedges	(1,712)	13,300
Transferred from statement of financial position/comprehensive income	19,982	154
Net deferred income tax movement on cash flow hedges	(5,481)	(4,036)
CLOSING BALANCE	11,440	(1,349)

(e) PERFORMANCE RIGHTS RESERVE

(i) Nature and purpose of reserve

This reserve is used to record the cumulative amortised value of performance rights issued to key senior employees net of the value of performance shares acquired under the performance rights plan.

(ii) Movements in the reserve

	2013 $'000	2012 $'000
Opening balance	1,451	799
Performance rights expense for the year	932	652
CLOSING BALANCE	2,383	1,451

13 OPERATING SEGMENTS

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 properties, securities for both long and short term gains, rental income, 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 2 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.

The following table presents revenue and profit information for reportable segments for the period ended 27 July 2013 and 28 July 2012.

13 OPERATING SEGMENTS (CONTINUED)

(a) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
REVENUE								
Sale of goods	843,172	837,195	-	-	-	-	843,172	837,195
Interest revenue	510	506	13,346	16,259	-	-	13,856	16,765
Other revenue	524	481	45,859	43,533	(42,000)	(37,000)	4,383	7,014
Other income	3,680	5,496	153,153	4,516	-	-	156,833	10,012
Total Segment Revenue	847,886	843,678	212,358	64,308	(42,000)	(37,000)	1,018,244	870,986
Total revenue per the statement of comprehensive income							1,018,244	870,986
RESULTS								
Depreciation and amortisation	18,925	17,328	-	-	-	-	18,925	17,328
Impairment	262	-	-	-	-	-	262	-
Interest expense	6,988	10,194	-	-	-	-	6,988	10,194
Share of profit (loss) of associate	(133)	(101)	3,247	-	-	-	3,114	(101)
Segment result	76,686	69,988	211,270	59,779	(42,000)	(37,000)	245,956	92,767
Income tax expense							(71,483)	(24,519)
Net profit after tax per the statement of comprehensive income							174,473	68,248
ASSETS AND LIABILITIES								
Segment assets	345,484	314,476	1,269,010	1,232,107	(52,480)	(47,027)	1,562,014	1,499,556
Segment liabilities	210,913	206,284	58,551	45,952	(7,816)	(2,486)	261,648	249,750
Capital expenditure	19,231	13,986	2,173	-	-	-	21,404	13,986

13 OPERATING SEGMENT (CONTINUED)

(b) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		SINGAPORE		TOTAL		ELIMINATIONS		CONSOLIDATED	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
REVENUE												
Sale of goods	723,194	727,385	106,134	103,284	13,844	6,526	843,172	837,195	-	-	843,172	837,195
Other revenue and income	174,580	32,355	488	1,436	4	-	175,072	33,791	-	-	175,072	33,791
Segment income	897,774	759,740	106,622	104,720	13,848	6,526	1,018,244	870,986	-	-	1,018,244	870,986
Segment non-current assets	1,213,052	1,174,145	9,975	10,743	3,517	2,721	1,226,544	1,187,609	(86,805)	(84,783)	1,139,739	1,102,826
Capital expenditure	19,463	11,522	836	753	1,105	1,711	21,404	13,986	-	-	21,404	13,986

		CONSOLIDATED	
		2013 $'000	2012 $'000
14	**NOTES TO THE STATEMENT OF CASH FLOWS**		
(a)	*RECONCILIATION OF CASH AND CASH EQUIVALENTS*		
	Cash at bank and in hand	31,445	70,072
	Short-term deposits	281,712	224,096
	TOTAL CASH ASSETS AND CASH EQUIVALENTS	313,157	294,168
(b)	*RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET PROFIT AFTER INCOME TAX*		
	Net profit	174,473	68,248
	Adjustments for:		
	Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss, net of tax	(114,733)	-
	Net gain on financial instruments	(3,350)	(4,516)
	Amortisation	121	119
	Depreciation	18,804	17,209
	Impairment and write-off of non-current assets	372	-
	Loss on sale of available-for-sale investments	-	24
	Foreign exchange loss	243	630
	Share of associate's net loss (profit)	(3,114)	101
	Finance charges on capitalised leases	36	39
	Borrowing costs	233	422
	Loss on sale of property, plant and equipment	352	289
	Bad debts	-	3
	Performance rights expense	932	652
	Movement in cash flow hedge reserve	12,790	13,454
	Net exchange differences	1,335	241
	Changes in assets and liabilities:		
	Decrease in income tax receivable	3,413	416
	Decrease in provisions	(3,176)	(5,393)
	Increase (decrease) in deferred tax liabilities	14,351	(2,906)
	Increase (decrease) in trade and other payables	7,185	(359)
	Decrease in other financial liabilities	(2,114)	(13,164)
	Decrease in deferred income	(2,976)	(4,193)
	Increase in trade and other receivables	(722)	(1,154)
	Increase in other current assets	(384)	(1,152)
	Increase (decrease) in inventories	(12,867)	2,307
	Increase in other financial assets	(16,789)	(253)
	Decrease in deferred tax assets	1,230	7,650
	Increase in income tax expense	13,463	-
	NET CASH FLOWS FROM OPERATING ACTIVITIES	89,108	78,714

	CONSOLIDATED	
	2013 $'000	2012 $'000

14 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	2013 $'000	2012 $'000
(c) FINANCE FACILITIES		
Working capital and bank overdraft facility		
Used	-	-
Unused	12,000	12,000
	12,000	12,000
Finance facility		
Used	102,240	123,357
Unused	37,760	16,643
	140,000	140,000
Bank guarantee facility		
Used	538	1,103
Unused	1,462	897
	2,000	2,000
Interchangeable facility		
Used	1,402	5,504
Unused	6,598	2,496
	8,000	8,000
Leasing facility		
Used	113	250
Unused	-	-
	113	250
Total facilities		
Used	104,293	130,214
Unused	57,820	32,036
TOTAL	162,113	162,250

	CONSOLIDATED	
	2013 $'000	2012 $'000

15 EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit	174,473	68,248

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	155,260	155,206
- diluted earnings per share	157,083	156,829

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.

16 EVENTS AFTER THE REPORTING DATE

Subsequent to year end, the Group announced its intention to consolidate the distribution centres of Just Group in Australia into one National Distribution Centre in Victoria which is being developed for the group and will be acquired by Premier Investments upon completion. As a consequence of this decision, the existing distribution centres at Altona, Victoria and Huntingwood, New South Wales will close. Capital expenditure amounting to approximately $15.6 million will be required to finalise settlement of the Distribution Centre. The Group will require a further $8 million to complete the fit-out of the new facility. At the date of this report, the Group's best estimate of the one-off transition costs associated with this consolidation is between $3 million and $4 million before tax, with the costs likely to be incurred in the final quarter of the 2014 financial year.

On 16 September 2013, the directors of Premier Investments Limited declared a final dividend in respect of the 2013 financial year. The total amount of the dividend is $29,499,000 (2012: $27,947,000) which represents a fully franked dividend of 19 cents per share (2012: 18 cents per share).

17 CONTINGENT LIABILITIES

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 each shareholder for additional funding of up to ZAR15.0 million each. The Group has not provided for this obligation in this financial report.

The Group has bank guarantees totalling $1,940,687 (2012: $7,176,090).