25 March 2014

Premier increases profit and dividend for 1H14

Premier Consolidated 1H14 NPAT of $52.1m and interim dividend of 20cps fully franked

Premier Retail (The Just Group) profit before tax up 11.7%

Premier Retail Sales up 5.3% with positive LFL growth of 4.4%[1]

HIGHLIGHTS FOR 1H14

- Premier Investments consolidated net profit after tax (NPAT) of $52.1 million, up 12.1%
- Premier Investments consolidated net profit before tax (NPBT) of $70.1 million, up 8.7%
- Premier Retail profit before tax of $58.7 million, up 11.7%
- Premier Retail earnings before interest and tax (EBIT) of $61.5 million, up 9.2%
- Strong underlying growth in Premier Retail operations
  - Strong sales growth across all brands up 5.3%[1]
  - LFL sales up 4.4%[1], with six of seven brands in the portfolio achieving strong LFL growth and Jay Jays delivering positive LFL growth in the all-important Q2[1]
  - Continued management focus on transformation strategy
  - Successful new store roll out for both Smiggle and Peter Alexander continues
    - Six new Smiggle stores opened in the half, with first UK store at Stratford opened in February 2014
    - Five new Peter Alexander stores opened across Australia and New Zealand
- Cash on hand of $317.7 million
- Investment in Breville Group Limited current market value of $318.8 million[2]
- Fully franked interim dividend of 20 cents per share (1H13: 19 cps)

[1] Sales exclude sales to South African joint venture
[2] Based on BRG closing share price of $9.53 as at 24 March 2014

Premier Investments Limited ("Premier") today reported a consolidated net profit before tax of $70.1 million for the 26 weeks ended 25 January 2014 (1H13: $64.5 million). Premier's net profit after tax (NPAT) was $52.1 million, up 12.1% (1H13: $46.5 million).

Premier Retail's profit before tax increased 11.7% to $58.7 million as management continued to focus on the transformation strategy. Total sales for the group were up 5.3%[1] to $468.4 million and like for like (LFL) sales were up 4.4%[1] across the group with Peter Alexander, Smiggle, Dotti, Portmans, Jacqui E and Just Jeans all experiencing solid LFL growth. Pleasingly, Jay Jays traded LFL positive in the second quarter (Q2).

Premier's Chairman, Mr Solomon Lew said: *"Management continues to focus on transformation of the Premier Retail portfolio through a combination of core business improvement initiatives and growth initiatives.*

"We are confident that unlocking the value of uniquely positioned brands like Peter Alexander and Smiggle will continue to deliver returns for our shareholders.

"Premier Directors have increased the interim dividend to 20 cents per share, reflecting the strong result of Premier Retail and signalling the strength of Premier's balance sheet. We continue to focus on growing shareholder wealth by optimising Premier's current business investments and seeking new opportunities.

"We were pleased to open our first Smiggle UK store at Stratford last month and we expect to have a further 8-10 new stores operating in the UK by July 2014. We also expanded our Peter Alexander network with five new stores and commenced our concession store operations in Myer in February."

PREMIER RETAIL TRANSFORMATION – FOCUS ON GROWTH & INVESTMENT

Core

- Rejuvenation of core apparel brands
- Gross margin expansion program
- Organisation-wide cost efficiency program, including supply chain transformation

Growth

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

PROGRESS AGAINST CORE TRANSFORMATION INITIATIVES

Rejuvenation of core apparel brands

- Dotti, Portmans, Jacqui E and Just Jeans are all experiencing solid LFL growth. Jay Jays had improved trading performance and delivered a positive Q2 LFL.
- Four new stores opened and 13 stores closed, reflecting the group's strategy to open new stores in high value locations and close stores where the landlords are not offering commercial rents that enable store profitability.

[1] Sales exclude sales to South African joint venture

- Investment in the existing store network continued with 18 stores fully refurbished or relocated and 172 stores receiving new fixtures, lighting, visual merchandising improvements and back of house upgrades.

Gross margin expansion program

- Premier Retail's gross margin of 62.1% continues to be very strong, despite the increased promotional activity required in a highly competitive market.

- Initiatives continue to focus on improved sourcing, better assortments and markdown management to sustain and improve margins.

- Clean inventory position at end of 1H14.

- Fully hedged for 2H14.

Organisation-wide cost efficiency program

- Cost of doing business down 89 bps, despite inflationary pressures from salaries and rents.
- Inflationary pressures offset by productivity improvements and reductions in non-merchandise procurement and discretionary expenditure.

Supply chain transformation

- All supply chain initiatives are designed to support Premier's growth aspirations, including significant growth on-line and in offshore markets.
- Development of the Australian National Distribution Centre is progressing well with construction completed in January 2014. Internal fit out and commissioning currently underway, with project completion anticipated by the end of FY14. One-off costs of between $3 million and $4 million associated with the consolidation of the existing Australian Distribution Centres will be incurred in 2H14. Premier Retail expects to realise savings of at least $2 million per year within the first 3 years of operations.
- The New Zealand Distribution Centre has been downsized and reconfigured, enabling all our growth projects to be delivered at a significantly lower cost.
- The Singapore Distribution Centre was fully operational throughout the half, providing improved service and stock availability for the Singapore stores at a significantly lower cost.
- A UK Distribution Centre was established in December to support the UK roll out of Smiggle.

Premier Retail CEO, Mark McInnes said: "*We are pleased with the progress we are making in improving the underlying health and profitability of our core brands. The targeted investments we have made in stores, people, technology and supply chain have resulted in and will continue to provide excellent customer experiences in each of our brands and strong returns to shareholders.*"

GROWTH INITIATIVES CONTINUE TO DELIVER

Online growth continues

All Premier Retail's brands and SKUs are online. Internet sales continue to significantly outperform the industry growth with total sales up 24%[1].

Premier Retail continues to invest in this fast growing channel. All sites are fully mobile delivering outstanding results in 1H14. As well as technology investments, we are also expanding marketing investments through affiliate marketing and retargeted advertising.

In 2H14, Premier will launch a number of multichannel initiatives, including online fulfilment for store 'out of stocks' and the launch of 'click and collect' services in Portmans.

Premier Retail's new Australian distribution centre will become operational in 2H14 and will support the businesses growth aspirations to achieve 10% of sales online.

Peter Alexander strategy on track

Peter Alexander continued to demonstrate strong growth, significantly outperforming the broader retail market with 23.3% total sales growth. During the first half, five new stores were opened across Australia and New Zealand, with another four stores planned for 2H14.

The result also includes the launch of an expanded Peter Alexander childrens wear range, which has been an outstanding success, generating sales growth of 86%. In addition, the Peter Alexander concession and wholesale business was launched in February in partnership with Myer, with results expected to flow through to 2H14.

Smiggle International growth continues with first UK store open

Smiggle UK opened its first store at Westfield Stratford on 20 February with very encouraging initial sales and great response from our target audience. Premier Retail has a further 8-10 Smiggle UK stores to open by the end of FY14, coinciding with the 'back to school' period in the UK market. Premier Retail believes there is potential for up to 20 stores trading by Christmas 2014.

Premier Retail continues to believe 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 continues to see the potential for up to 200 stores over five years in the UK, with sales in excess of $200 million. Management expects the entry into the UK to have a one off net negative impact on the income statement of between $3 million and $4 million. This will be incurred in 2H14 reflecting the key investment required for the future growth of the Smiggle brand in the UK market.

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[1] NAB Online Retail Sales Index recorded annual Australian online retail sales growth of 11% for the year to January 2014

Smiggle Singapore has 17 stores trading and continues to be very profitable, particularly with the introduction of a local distribution centre and supply chain. The success of Smiggle Singapore is an indication of the potential for the brand in offshore markets.

Mr McInnes said: *"We're delighted that Smiggle has been welcomed so warmly by the UK market and early sales indicators are very encouraging. We have a highly experienced and capable team leading our Smiggle expansion, with deep knowledge of the UK retail market. We expect our individual Smiggle stores to be profitable from year one, and the UK region to be profitable after the second full year of operations. The one off start-up costs we will incur in the second half are far lower than any premium we would pay to acquire a business with the future earning potential of Smiggle, further illustrating the unique opportunity that our international growth strategy represents for shareholders in Premier."*

PREMIER INVESTMENTS' FINANCIAL STRENGTH

At the end of the half, Premier's balance sheet reflects free cash on hand of $317.7 million plus its equity accounted investment in Breville at $188.5 million. The current market value of the investment in Breville is worth $318.8 million[1]

Due to the continued strengthening of its balance sheet and the strong performance of Premier Retail, the Board has declared an interim dividend of 20 cents per share (1H13: 19 cents). The interim dividend will be payable on 16 May 2014. The dividend will be 100% franked.

Premier continues to use its strong balance sheet to fund the expansion of its growth brands, while still retaining the flexibility to pursue other opportunities that may arise in the future.

ENDS

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[1] Based on BRG closing share price of $9.53 as at 24 March 2014

Appendix 4D

Half yearly report

Period ending on 25 January 2014

1. Name of entity

PREMIER INVESTMENTS LIMITED
ABN 64 006 727 966

2. Reporting periods

Half year ended ("Current period")	Half year ended ("Previous corresponding period")
25 January 2014	**26 January 2013**

3. Results for announcement to the market

				$A'000
3.1 Revenues from ordinary activities	up	3.7%	to	477,159
3.2 Profit from ordinary activities after tax attributable to members	up	12.1%	to	52,103
3.3 Net profit for the period attributable to members	up	12.1%	to	52,103

3.4 Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	20.0 cents	20.0 cents
Previous corresponding period	19.0 cents	19.0 cents

3.5 Record date for determining entitlements to the dividend: 16 APRIL 2014

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

Please refer to the attached condensed half year report and investors presentation accompanying this report.

This half yearly report is to be read in conjunction with the most recent annual financial report.

4. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	$3.06	$2.97

5. Control gained over entities having material effect

Name of entity (or group of entities)	NOT APPLICABLE

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

Loss of control of entities having material effect

Name of entity (or group of entities)	NOT APPLICABLE

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

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

Date the dividend (distribution) is payable	16 May 2014
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer 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)	16 April 2014

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:	Current period	20.0 cents	20.0 cents	Nil
	Previous corresponding period	19.0 cents	19.0 cents	Nil

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

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities *(each class separately)*	31,063	29,499
Preference securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**31,063**	**29,499**

7. The dividend or distribution plans shown below are in operation.

The last date(s) for receipt of election notices for the dividend or distribution plans	

Any other disclosures in relation to dividends (distributions).

DIVIDEND REINVESTMENT PLAN DOES NOT APPLY TO THE INTERIM DIVIDEND.

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

Group's share of associates and joint venture entities:		Current period $A'000	Previous corresponding period $A'000
Name of Associate/Joint Venture entity	**Ownership Interest**	Entity Net Profit(Loss) After Tax	Entity Net Profit(Loss) After Tax
Just Kor Fashion Group (Pty Ltd)	50%	$280	$344
Breville Group Limited	25.7%	$8,016	N/A

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

Not applicable

10. Description of audit dispute or qualification

Not applicable

PREMIER INVESTMENTS LIMITED
ABN 64 006 727 966
AND CONTROLLED ENTITIES

CONDENSED HALF-YEAR FINANCIAL REPORT FOR THE PERIOD 28 JULY 2013 TO 25 JANUARY 2014

This half-year report is to be read in
conjunction with the financial report
for the year ended 27 July 2013

PREMIER INVESTMENTS LIMITED AND CONTROLLED ENTITIES

CONDENSED HALF-YEAR FINANCIAL REPORT
FOR THE 26 WEEK PERIOD ENDED
25 January 2014

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Corporate information

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

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

Directors

Solomon Lew	Chairman and Non-executive Director
Frank Jones	Deputy Chairman and Non-executive Director
Mark McInnes	Executive Director
Timothy Antonie	Non-executive Director
David Crean	Non-executive Director
Lindsay Fox	Non-executive Director
Sally Herman	Non-executive Director
Henry Lanzer	Non-executive Director
Michael McLeod	Non-executive Director
Gary Weiss	Non-executive Director

Company Secretary

Kim Davis

Registered office and principal place of business

Level 53
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Telephone: (03) 9650 6500
Facsimile: (03) 9654 6665

Company website

www.premierinvestments.com.au

Company email

info@premierinvestments.com.au

Share register

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Abbotsford Victoria 3067
Enquiries within Australia: 1300 850 505
Enquiries outside Australia: (+61 3) 9415 5000
Website: www.computershare.com.au

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Solicitors

Arnold Bloch Leibler
Level 21
333 Collins Street
Melbourne Victoria 3000

Directors' Report

The directors present their report together with the condensed financial report of the consolidated entity consisting of Premier Investments Limited and the entities it controlled, for the period 28 July 2013 to 25 January 2014 and independent review report thereon.

Directors

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

Solomon Lew	Chairman and Non-executive Director
Frank Jones	Deputy Chairman and Non-executive Director
Mark McInnes	Executive Director
Timothy Antonie	Non-executive Director
David Crean	Non-executive Director
Lindsay Fox	Non-executive Director
Sally Herman	Non-executive Director
Henry Lanzer	Non-executive Director
Michael McLeod	Non-executive Director
Gary Weiss	Non-executive Director

Earnings per share

	26 WEEKS ENDED 25 JANUARY 2014 CENTS	26 WEEKS ENDED 26 JANUARY 2013 CENTS
Basic earnings per share	33.55	29.93
Diluted earnings per share	33.11	29.60

Dividends

During the half year the following fully franked dividend was paid and declared:

2013 Final Dividend: 19 cents per share paid on 18 November 2013.

The directors have recommended the following fully franked dividend:

2014 Interim Dividend: 20 cents per share payable on 16 May 2014.

Operating and financial review

Net profit after income tax for the half-year ended 25 January 2014 was $52.1 million (2013 half-year: $46.5 million). The 12.1% increase in comparable net profit after income tax resulted mostly from an improvement in the retail segment (Premier Retail).

As Premier's core business, Premier Retail was the key contributor to the Group's operating results for the half-year. The retail segment reported a 12.0% increase in profit before income tax. Retail segment sales increased by 5%.

The investment segment (excluding the inter-group dividend) reported a 5.7% decrease in profit before tax. The decrease is mainly attributable to lower interest earnings on cash and cash equivalents for the current half-year.

Directors' Report (continued)

Rounding

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

Significant events after the reporting date

On 24 March 2014 the directors declared an interim ordinary dividend of 20 cents per share fully franked.

Auditors' independence declaration

Attached on page 22 is a copy of the Auditors' Independence Declaration provided under section 307C of the *Corporations Act 2001* in relation to the review of the half year report for the period 28 July 2013 to 25 January 2014. This auditors' declaration forms part of the Directors' Report.

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

Solomon Lew
Chairman
24 March 2014

Interim Condensed Statement of Comprehensive Income
For the Period 28 July 2013 to 25 January 2014

		CONSOLIDATED	
		26 WEEKS ENDED 25 JANUARY 2014	26 WEEKS ENDED 26 JANUARY 2013
	NOTES	$'000	$'000
Continuing operations			
Sale of goods	4	471,139	448,816
Other revenue	4	6,020	11,502
Total Revenue		477,159	460,318
Other income	4	2,855	4,029
Total Income		480,014	464,347
Changes in inventories of finished goods, work in progress and raw materials used		(180,489)	(169,643)
Employee expenses		(110,985)	(104,138)
Operating lease rental expense		(92,974)	(88,937)
Depreciation, impairment and amortisation	5	(10,987)	(9,164)
Advertising and direct marketing		(7,380)	(7,972)
Finance costs	5	(2,796)	(3,751)
Other expenses		(12,585)	(16,607)
Total expenses		(418,196)	(400,212)
Share of profit of associates	14	8,296	344
Profit from continuing operations before income tax		70,114	64,479
Income tax expense	6	(18,011)	(18,016)
Net profit for the period attributable to owners		**52,103**	**46,463**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain on available-for-sale financial assets		-	71,589
Net gain (loss) on cash flow hedges		6,440	(4,329)
Foreign currency translation		1,099	268
Net movement in other comprehensive income of associates		524	-
Income tax on items of other comprehensive income	5	(1,932)	(20,060)
Other comprehensive income for the period, net of tax		6,131	47,468
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS, NET OF TAX		**58,234**	**93,931**
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)	9	33.55	29.93
Diluted for profit of the year (cents per share)	9	33.11	29.60
Basic for profit from continuing operations (cents per share)	9	33.55	29.93
Diluted for profit from continuing operations (cents per share)	9	33.11	29.60

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

Interim Condensed Statement of Financial Position
As at 25 January 2014

		CONSOLIDATED	
		25 JANUARY 2014	27 JULY 2013
	NOTES	$'000	$'000
Current assets			
Cash and cash equivalents	11	317,686	313,157
Trade and other receivables		9,137	6,858
Inventories		90,002	83,959
Other financial instruments	12	18,462	13,625
Other current assets		4,805	4,676
Total current assets		**440,092**	**422,275**
Non-current assets			
Trade and other receivables		1,832	1,929
Property, plant and equipment	13	99,227	83,402
Intangible assets		854,555	854,529
Deferred tax assets		10,408	10,928
Investments in associates	14	190,072	185,534
Other financial instruments	12	6,006	3,417
Total non-current assets		**1,162,100**	**1,139,739**
TOTAL ASSETS		**1,602,192**	**1,562,014**
Current liabilities			
Trade and other payables		61,155	54,514
Interest bearing liabilities		48	48
Other financial instruments	12	399	28
Provisions		16,100	16,764
Provision for income tax		23,722	13,463
Other current liabilities		4,233	4,771
Total current liabilities		**105,657**	**89,588**
Non-current liabilities			
Interest bearing liabilities	15	95,660	101,920
Deferred tax liabilities		60,067	58,295
Other financial instruments	12	187	159
Provisions		1,482	1,467
Other non-current liabilities		9,620	10,219
Total non-current liabilities		**167,016**	**172,060**
TOTAL LIABILITIES		**272,673**	**261,648**
NET ASSETS		**1,329,519**	**1,300,366**
EQUITY			
Contributed equity	16	608,615	608,615
Reserves		23,338	16,789
Retained earnings		697,566	674,962
TOTAL EQUITY		**1,329,519**	**1,300,366**

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

Interim Condensed Statement of Cash Flows
For the Period 28 July 2013 to 25 January 2014

	NOTES	CONSOLIDATED 26 WEEKS ENDED 25 JANUARY 2014 $'000	26 WEEKS ENDED 26 JANUARY 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		520,856	497,277
Payment to suppliers and employees (inclusive of GST)		(451,911)	(427,442)
Income taxes paid		(6,212)	(2,196)
Interest received		5,311	7,023
Dividends received		-	3,858
Borrowing costs paid		(2,552)	(3,658)
NET CASH FLOWS FROM OPERATING ACTIVITIES		65,492	74,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of other financial instruments		-	20,247
Dividends received from associates		4,014	-
Payment for property, plant and equipment and leasehold premiums		(27,369)	(6,477)
Payment for trademarks		(58)	(65)
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		(23,413)	13,705
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(29,499)	(27,947)
Proceeds from borrowings		40,000	-
Repayment of borrowings		(48,000)	(38,000)
Payment of finance lease liabilities		(51)	(56)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(37,550)	(66,003)
NET INCREASE IN CASH HELD		4,529	22,564
Cash at the beginning of the financial period		313,157	294,168
CASH AT THE END OF THE FINANCIAL PERIOD	11	317,686	316,732

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

Interim Condensed Statement of Changes in Equity
For the period 28 July 2013 to 25 January 2014

CONSOLIDATED	CONTRIBUTED EQUITY	CAPITAL PROFITS RESERVE	PERFORMANCE RIGHTS RESERVE	CASH FLOW HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	RETAINED PROFITS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 28 July 2013	608,615	464	2,383	11,440	2,502	-	674,962	1,300,366
Net profit for the period	-	-	-	-	-	-	52,103	52,103
Other comprehensive income	-	-	-	4,508	1,623	-	-	6,131
Total comprehensive income for the half-year	-	-	-	4,508	1,623	-	52,103	58,234
Transactions with owners in their capacity as owners								
Performance rights issue	-	-	418	-	-	-	-	418
Dividends Paid	-	-	-	-	-	-	(29,499)	(29,499)
Balance as at 25 January 2014	608,615	464	2,801	15,948	4,125	-	697,566	1,329,519
At 29 July 2012	608,615	464	1,451	(1,349)	72	82,618	557,935	1,249,806
Net profit for the period	-	-	-	-	-	-	46,463	46,463
Other comprehensive income	-	-	-	(3,030)	268	50,230	-	47,468
Total comprehensive income for the half-year	-	-	-	(3,030)	268	50,230	46,463	93,931
Transactions with owners in their capacity as owners								
Performance rights issue	-	-	435	-	-	-	-	435
Dividends Paid	-	-	-	-	-	-	(27,947)	(27,947)
Balance as at 26 January 2013	608,615	464	1,886	(4,379)	340	132,848	576,451	1,316,225

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

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

1 Corporate Information

The consolidated condensed financial report of Premier Investments Limited for the period ended 25 January 2014 was authorised for issue in accordance with a resolution of the directors on 24 March 2014. Premier Investments Limited is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX).

2 Basis of preparation and accounting policies

i. Basis of preparation

The general purpose condensed financial report for the period ended 25 January 2014 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the 52 weeks ended 27 July 2013 and considered together with any public announcements made by Premier Investments Limited during the period ended 25 January 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

ii. Significant accounting policies

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

iii. Changes in accounting policies and disclosures

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the financial year beginning 28 July 2013. New and revised Standards and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*: The Standard principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of set-off arrangements.
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*: Key amendments include the clarification of the requirements of comparative information as well as interim reports and segment information for total assets and total liabilities.
- AASB 2012-9 *Amendments to AASB 1048 arising from the withdrawal of Australian Interpretation 1039*: The amendments evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.
- AASB 119 *Employee Benefits*: The revised standard distinguishes between short-term and other long-term employee benefits based on whether the benefits are expected to be settled wholly within 12 months after reporting date.

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

2 Basis of preparation and accounting policies (continued)

iii. Changes in accounting policies and disclosures (continued)

- AASB 10 *Consolidated Financial Statements*: The new control model introduced by the standard 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.
- AASB 11 *Joint Arrangements*: AASB 11 uses the principal of control as determined in AASB 10 Consolidated Financial Statements to define joint control. In addition, it removes the option to account for jointly controlled entities using proportionate consolidation. Consequential amendments were also made to AASB 128 Investments in Associates and Joint Arrangements.
- AASB 12 *Disclosure of Interests in Other Entities*: This standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. In general, AASB 12 will result in more extensive disclosure in the consolidated financial statements; however application of this standard did not result in any changes to the half year financial report.
- AASB 13 *Fair Value Measurements*: The standard establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. AASB 13 also includes extensive disclosure requirements. The standard requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these provisions, the Group has not made any new disclosures required by AASB 13 for the comparative period ending 26 January 2013. The application of AASB 13 has not had any impact on the amounts recognised in the consolidated financial statements.

Adoption of these new and revised Standards did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new Standards or amendments issued but not yet effective.

iv. Basis of consolidation

The consolidated financial reports comprise the financial statements of Premier Investments Limited and its subsidiaries as at 25 January 2014.

v. Comparatives

The current reporting period 28 July 2013 to 25 January 2014 represents 26 weeks and the comparative period is 29 July 2012 to 26 January 2013 representing 26 weeks.

3 Seasonality of operations

The financial performance of the consolidated entity is exposed to seasonality in the volume of sales; such that the Group's financial performance is historically weighted in favour of the period to 25 January. This seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

	CONSOLIDATED	
	26 WEEKS ENDED 25 JANUARY 2014 $'000	26 WEEKS ENDED 26 JANUARY 2013 $'000

4 Revenue

REVENUE		
Revenue from sale of goods	468,355	444,727
Revenue from sale of goods to associate	2,784	4,089
TOTAL REVENUE FROM SALE OF GOODS	471,139	448,816
OTHER REVENUE		
Membership program fees	275	267
Dividends received – other persons	-	3,858
Sundry Revenue	10	-
Interest		
Other persons	5,655	7,198
Associate	80	179
Total Interest	5,735	7,377
TOTAL OTHER REVENUE	6,020	11,502
TOTAL REVENUE	477,159	460,318
OTHER INCOME		
Amortisation of deferred income	1,958	423
Gain on ineffective cash flow hedges	585	-
Other	312	256
Net gain on other financial instruments	-	3,350
TOTAL OTHER INCOME	2,855	4,029
TOTAL INCOME	480,014	464,347

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

5 Expenses

	CONSOLIDATED	
	26 WEEKS ENDED 25 JANUARY 2014 $'000	26 WEEKS ENDED 26 JANUARY 2013 $'000
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		
Depreciation of plant and equipment	10,677	9,016
Depreciation of plant and equipment under lease	24	29
Impairment of plant and equipment	250	85
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS	10,951	9,130
AMORTISATION OF NON-CURRENT ASSETS		
Amortisation of leasehold premiums	36	34
TOTAL AMORTISATION OF NON-CURRENT ASSETS	36	34
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION	10,987	9,164
FINANCE COSTS		
Finance charges on capitalised leases	12	19
Discount charges on provisions	5	390
Interest charges on bank loans and overdraft	2,779	3,342
TOTAL FINANCE COSTS	2,796	3,751
OTHER EXPENSES		
Foreign exchange (gains) losses	(67)	62
Unrealised foreign exchange loss – loan to associate	97	152
Unrealised foreign exchange loss – investment in associate	268	216
Loss on ineffective cash flow hedge	-	84
Net loss on disposal of plant and equipment	256	89
DISCLOSURE OF TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME		
Disclosure of tax effects relating to each component of other comprehensive income		
Available-for-sale financial assets	-	21,359
Cash flow hedges	1,932	(1,299)
INCOME TAX ON ITEMS OF OTHER COMPREHENSIVE INCOME	1,932	20,060

	CONSOLIDATED	
	26 WEEKS ENDED 25 JANUARY 2014 $'000	26 WEEKS ENDED 26 JANUARY 2013 $'000

6 Income tax expense

A reconciliation between income 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	70,114	64,479
At the Parent Entity's statutory income tax rate of 30% (2013: 30%)	21,034	19,344
Adjustments in respect of current income tax of previous years	-	(517)
Expenditure not allowable for income tax purposes	53	1,103
Income not assessable for income tax purposes	(3,076)	(1,914)
Income tax expense reported in the Statement of Comprehensive Income	18,011	18,016

7 Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing the performance of the company and in determining the allocation of resources. The operating segments are identified by management based on the nature of the business conducted. Discrete financial information about each of these operating businesses is reported to the chief operating decision maker on at least a monthly basis.

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

Types of products and services

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

Investment
The investments segment represents investment in securities for both long-term and short-term gains and dividend income and interest. This includes a significant investment in an associate, accounted for using the equity method of accounting.

Accounting policies

The accounting policies used by the Group in reporting segments internally is the same as those contained in note 2 of the most recent annual report and in the prior periods.

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

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

7 Segment information (continued)

The following table presents revenue and profit information for reportable segments for the period ended 25 January 2014 and 26 January 2013.

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	25 JANUARY 2014 $'000	26 JANUARY 2013 $'000	25 JANUARY 2014 $'000	26 JANUARY 2013 $'000	25 JANUARY 2014 $'000	26 JANUARY 2013 $'000	25 JANUARY 2014 $'000	26 JANUARY 2013 $'000
REVENUE								
Sale of goods	471,139	448,816	-	-	-	-	471,139	448,816
Other revenue	488	539	27,532	30,963	(22,000)	(20,000)	6,020	11,502
Other income	2,855	679	-	3,350	-	-	2,855	4,029
Total Segment income	474,482	450,034	27,532	34,313	(22,000)	(20,000)	480,014	464,347
Total income per the statement of comprehensive income							480,014	464,347
Segment result	58,809	52,489	33,305	31,990	(22,000)	(20,000)	70,114	64,479
Reconciliation of segment net profit before tax to net profit after tax								
Income tax expense							(18,011)	(18,016)
Net profit after tax per the statement of comprehensive income							52,103	46,463

	25 JANUARY 2014 $'000	27 JULY 2013 $'000	25 JANUARY 2014 $'000	27 JULY 2013 $'000	25 JANUARY 2014 $'000	27 JULY 2013 $'000	25 JANUARY 2014 $'000	27 JULY 2013 $'000
ASSETS AND LIABILITIES								
Segment assets	381,239	345,484	1,282,256	1,269,010	(61,303)	(52,480)	1,602,192	1,562,014
Segment liabilities	222,161	210,913	67,152	58,551	(16,640)	(7,816)	272,673	261,648
Capital expenditure	26,392	19,231	-	2,173	-	-	26,392	21,404

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

	CONSOLIDATED	
	26 WEEKS ENDED 25 JANUARY 2014 $'000	26 WEEKS ENDED 26 JANUARY 2013 $'000
8 Dividends paid		
a) Dividend declared and paid during the period		
Final fully franked dividend for the financial year ended 27 July 2013: 19 cents per share (2012: 18 cents per share)	29,499	27,947
b) Dividend proposed and not recognised as a liability		
Interim fully franked dividend for the period ended 25 January 2014: 20 cents per share (2013: 19 cents per share)	31,063	29,499

9 Earnings per share

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

Net profit after tax	52,103	46,463
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	155,282	155,260
- diluted earnings per share	157,346	156,978

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

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

10 Impairment testing

Intangible assets – Goodwill and Brand Names

After initial recognition, goodwill and indefinite-life brand names acquired in a business combination are measured at cost less any accumulated impairment losses. Goodwill and brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill and brand names were subject to a full annual impairment test as at 27 July 2013. A review of indicators of impairment relating to goodwill and brand names were performed as at 25 January 2014. As a result of this review, no indicators of impairment was identified that would require a full impairment test to be performed as at 25 January 2014.

The financial statements for the 52 weeks ended 27 July 2013 detail the most recent annual impairment tests undertaken for both brand names and goodwill. The Group's impairment tests for goodwill and brand names are based on value in use calculations. The key assumptions used to determine the recoverable amounts for the cash-generating units to which brand names and goodwill relates, are disclosed in these financial statements.

Property, plant and equipment

Property, plant and equipment items are subject to impairment testing at each reporting period. As at 25 January 2014, a net impairment expense of $250,000 has been recognised (2013: $85,000).

	CONSOLIDATED	
	25 JANUARY 2014 $'000	27 JULY 2013 $'000
11 Cash and cash equivalents		
Reconciliation of cash and cash equivalents:		
Cash at bank and in hand	39,595	31,445
Short-term deposits	278,091	281,712
Balance at end of the period	317,686	313,157
12 Other financial instruments		
CURRENT ASSETS		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	18,462	13,625
	18,462	13,625
NON-CURRENT ASSETS		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	6,006	3,417
	6,006	3,417

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

	CONSOLIDATED	
	25 JANUARY 2014 $'000	27 JULY 2013 $'000

12 Other financial instruments (continued)

CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	399	28
	399	28
NON-CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	187	159
	187	159

Derivative financial instruments

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Group's financial risk management policies. The majority of the Group's inventory purchases are denominated in US Dollars, and in order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase US Dollars.

These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made. The forecast purchases are expected to occur between 1 and 24 months from 25 January 2014.

Fair value of financial assets and liabilities

At the reporting date, the fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their carrying values. The carrying value of interest bearing liabilities is assumed to approximate the fair value, being the amount at which the liability could be settled in a current transaction between willing parties.

Forward exchange contracts are initially recognised in the statement of financial position at cost and subsequently remeasured to their fair value. Accordingly, the carrying amounts of forward exchange contracts approximate their fair values at the reporting date.

The Group uses various methods in estimating the fair value of a financial instrument. These methods, based on the lowest level input that is significant to the fair value measurement as a whole, comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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

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

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

13 Property, plant and equipment

Acquisitions

During the year ending 27 July 2013, the Group entered into an agreement to acquire a property in Truganina Victoria, to establish a National Distribution Centre. As at 27 July 2013, the Group recognised capital works in progress amounting to $2,173,000 in relation to the Distribution Centre, with the balance of the purchase price to be recognised upon settlement.

Settlement of the Distribution Centre occurred on 16 January 2014. The Group recognised an asset with a cost of $18,080,000 for the period ending 25 January 2014 in relation to the settlement of the Distribution Centre. As at 25 January 2014, the internal fit-out of the new facility is underway. Capital commitments relating to the fit-out are detailed in note 17.

	CONSOLIDATED	
	26 WEEKS ENDED 25 JANUARY 2014 $'000	52 WEEKS ENDED 27 JULY 2013 $'000
14 Investments in associates		
Movements in carrying amounts:		
Carrying amount at beginning of financial period	185,534	1,484
Fair value of investment in Breville Group Limited accounted for using the equity method	-	184,326
Share of profit of associates after income tax	8,296	3,114
Share of associates other comprehensive income	524	1,219
Foreign currency translation of investment in associate	(268)	74
Dividends received	(4,014)	(4,683)
Carrying amount at end of financial period	190,072	185,534

15 Interest bearing liabilities

Additional interest bearing liabilities

During the half-year, the Group obtained an additional bank borrowing to the amount of $19 million. The borrowing is secured by a mortgage over the Group's newly acquired National Distribution Centre in Truganina, Victoria. The proceeds from the loan were used to facilitate settlement of the Distribution Centre. The borrowing is repayable in full at the end of 5 years.

Notes to the Condensed Financial Statements
For the period ended 25 January 2014

	CONSOLIDATED	
	25 JANUARY 2014 $'000	27 JULY 2013 $'000
16 Contributed equity		
Ordinary shares – issued	608,615	608,615
Total contributed equity	608,615	608,615

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Movements in issued shares during the period:		
Balance at start of the period	155,260	155,260
Shares issued during the year (i)	54	-
Balance at end of the period	155,314	155,260

(i) During the half-year, 54,396 shares were issued in relation to the performance rights plan.

17 Commitments and contingencies

As at 25 January 2014, Just Group Limited has bank guarantees totalling $2,709,703 (2013:$2,451,751) and outstanding letters of credit of $3,346,194 (2013: $322,632).

Under the terms of the shareholder agreement, Just Kor Fashion Group (Pty) Ltd, the Group's associate operating in South Africa, has the right to call on its shareholders for additional funding of up to ZAR 15.0 million each (approximately AUD $1.57 million). The consolidated entity has not provided for this obligation in this financial report.

As noted in the financial report for the year ended 27 July 2013, the Group has announced its intention to consolidate its distribution centres into one National Distribution Centre in Truganina, Victoria. 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 $8 million will be required to complete the internal fit-out of the new facility. At the date of this report, the Group's best estimate of the transition costs associated with this consolidation is between $3 million and $4 million, with the costs likely to be incurred in the final quarter of the 2014 financial year.

18 Events after the reporting date

On 24 March 2014 the directors declared an interim ordinary dividend of 20 cents per share fully franked.

Directors' Declaration

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

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity for the half year ended 25 January 2014 are in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the financial position as at 25 January 2014 and the performance for the period ending on that date of the consolidated entity;
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

On behalf of the board

Solomon Lew

Chairman

24 March 2014

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Auditor's Independence Declaration to the Directors of Premier Investments Limited

In relation to our review of the half-year financial report of Premier Investments Limited for the period 28 July 2013 to 25 January 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Brent Simonis
Partner
24 March 2014

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Report on the Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of Premier Investments Limited, which comprises the consolidated statement of financial position for the period 28 July 2013 to 25 January 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position for the period 28 July 2013 to 25 January 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Premier Investments Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Premier Investments Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position for the period 28 July 2013 to 25 January 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Brent Simonis
Partner
Melbourne
24 March 2014