

Appendix 4E

Preliminary final report

Current Reporting Period: 52 weeks ended 26 July 2014

Previous Corresponding Period: 52 weeks ended 27 July 2013

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 Securities Exchange under Rule 4.3A

1. Reporting periods

Financial year ended ("Current period")	Financial year ended ("Previous corresponding period")
26 July 2014	27 July 2013

2. Results for announcement to the market

2.1 Revenues from ordinary activities	down	10.63% to \$909,970,000
2.2 Profit from ordinary activities after tax attributable to members	down	58.16% to \$73,000,000
2.3 Net profit for the period attributable to members	down	58.16% to \$73,000,000

2.4 Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend Record Date 9 October 2014	20.0 cents	20.0 cents
Interim dividend Paid 16 May 2014	20.0 cents	20.0 cents

2.5 Record date for determining entitlements to the dividend

9 October 2014

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

Included in the previous corresponding period, revenue from ordinary activities included a gain of \$149,803,000, which related to a reclassification of cumulative fair value movements on available-for-sale financial assets previously recognised in Other Comprehensive Income. This reclassification adjustment was as a result of a change in the accounting treatment of the Group's investment in Breville Group Limited, whereby the investment has been reclassified from an available-for-sale financial asset to an investment in associate.

This reclassification had a flow on effect to the previous corresponding period profit from ordinary activities after tax attributable to members amounting to \$105,151,000.

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

3. Income Statement

Please refer to the attached financial statements for the 52 weeks ended 26 July 2014.

4. Balance Sheet

Please refer to the attached financial statements for the 52 weeks ended 26 July 2014.

5. Cash Flow Statement

Please refer to the attached financial statements for the 52 weeks ended 26 July 2014.

6. Dividends

Date the dividend is payable

20 November 2014

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 CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHES approved)

9 October 2014

Amount per security

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

Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	40.0 cents	38.0 cents
Preference +securities	Nil	Nil

Preliminary final report - final dividend on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	31,143	29,499
Preference +securities	-	-
Total	31,143	29,499

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 52 weeks ended 26 July 2014.

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	\$2.85	\$2.87

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 2014	Entity Net Profit(Loss) After Tax 2013
Just Kor Fashion Group (Pty Ltd)	50%	\$247,000	\$(133,000)
Breville Group Limited	25.7%	\$12,538,000	\$3,247,000

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 Investor Presentation accompanying this preliminary final report.

15. Compliance statement

This report should be read in conjunction with the attached financial statements for the 52 weeks ended 26 July 2014. The attached financial statements are in the process of being audited.



Sign here:
Company Secretary

Date 17 September 2014

Print name: KIM DAVIS

PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

FINANCIAL STATEMENTS

FOR THE PERIOD COMMENCING 28 JULY 2013 TO 26 JULY 2014

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013

		CONSOLIDATED	
	NOTES	2014 \$'000	2013 \$'000
Continuing operations			
Revenue from sale of goods	3	892,570	843,172
Other revenue	3	11,624	18,239
Total revenue		904,194	861,411
Other income	3	5,776	156,833
Total income		909,970	1,018,244
Changes in inventories of finished goods and work in progress and raw materials used		(341,078)	(321,813)
Employee expenses		(225,716)	(210,775)
Operating lease rental expense	4	(186,061)	(178,343)
Depreciation, impairment and amortisation	4	(21,941)	(19,187)
Advertising and direct marketing		(12,193)	(12,481)
Finance costs	4	(6,311)	(6,988)
Supply chain transformation	4	(4,482)	-
Other expenses		(26,608)	(25,815)
Total expenses		(824,390)	(775,402)
Share of profit of associates	11	12,785	3,114
Profit from continuing operations before income tax		98,365	245,956
Income tax expense	5	(25,365)	(71,483)
Net profit for the period attributable to owners		73,000	174,473
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gains on available-for-sale financial assets	15	-	32,115
Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	15	-	(149,803)
Cash flow hedges	15	(21,436)	18,270
Foreign currency translation	15	728	1,211
Net movement in other comprehensive income of associates	15	(896)	1,219
Income tax on items of other comprehensive income	15	6,431	29,589
Other comprehensive loss for the period, net of tax		(15,173)	(67,399)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		57,827	107,074
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)	18	46.98	112.37
- diluted for profit for the year (cents per share)	18	46.36	111.07

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

STATEMENT OF FINANCIAL POSITION

AS AT 26 JULY 2014 AND 27 JULY 2013

	NOTES	CONSOLIDATED	
		2014 \$'000	2013 \$'000
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	17	313,308	313,157
Trade and other receivables	7	12,155	6,858
Inventories	8	98,496	83,959
Other financial instruments		1,517	13,625
Other current assets		5,215	4,676
Total current assets		430,691	422,275
<i>Non-current assets</i>			
Trade and other receivables	7	1,004	1,929
Property, plant and equipment	9	109,028	83,402
Intangible assets	10	854,572	854,529
Deferred tax assets	5	12,147	10,928
Investments in associates	11	188,418	185,534
Other financial instruments		79	3,417
Total non-current assets		1,165,248	1,139,739
TOTAL ASSETS		1,595,939	1,562,014
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	12	62,520	54,514
Interest-bearing liabilities	13	100,529	48
Other financial instruments		6,798	28
Income tax payable		24,642	13,463
Provisions	14	16,558	16,764
Other current liabilities		4,221	4,771
Total current liabilities		215,268	89,588
<i>Non-current liabilities</i>			
Interest-bearing liabilities	13	19,014	101,920
Deferred tax liabilities	5	52,586	58,295
Provisions	14	1,462	1,467
Other financial instruments		3	159
Other		9,077	10,219
Total non-current liabilities		82,142	172,060
TOTAL LIABILITIES		297,410	261,648
NET ASSETS		1,298,529	1,300,366
EQUITY			
Contributed equity		608,615	608,615
Reserves	15	2,514	16,789
Retained earnings		687,400	674,962
TOTAL EQUITY		1,298,529	1,300,366

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

STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013

	NOTES	CONSOLIDATED	
		2014 \$'000	2013 \$'000
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>			
Receipts from customers (inclusive of GST)		985,643	931,411
Payments to suppliers and employees (inclusive of GST)		(894,487)	(844,709)
Dividends received		-	3,862
Interest received		11,692	13,404
Borrowing costs paid		(5,815)	(6,386)
Income taxes paid		(13,653)	(8,474)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17(b)	83,380	89,108
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>			
Proceeds from sale of financial instruments		-	20,247
Dividends received from associates		8,698	4,683
Payment for trademarks		(106)	(96)
Proceeds from sale of property, plant and equipment		-	7
Payment for property, plant and equipment and leasehold premiums		(47,204)	(14,407)
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		(38,612)	10,434
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>			
Equity dividends paid		(60,562)	(57,446)
Proceeds from borrowings		83,000	22,000
Repayment of borrowings		(67,000)	(45,000)
Payment of finance lease liabilities		(55)	(107)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(44,617)	(80,553)
NET INCREASE IN CASH HELD		151	18,989
Cash at the beginning of the financial period		313,157	294,168
CASH AT THE END OF THE FINANCIAL PERIOD	17(a)	313,308	313,157

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

STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013

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
<i>At 28 July 2013</i>	608,615	464	2,383	11,440	2,502	-	674,962	1,300,366
Net Profit for the period	-	-	-	-	-	-	73,000	73,000
Other comprehensive loss	-	-	-	(15,005)	(168)	-	-	(15,173)
Total comprehensive income for the period	-	-	-	(15,005)	(168)	-	73,000	57,827
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	898	-	-	-	-	898
Dividends Paid	-	-	-	-	-	-	(60,562)	(60,562)
<i>Balance as at 26 July 2014</i>	608,615	464	3,281	(3,565)	2,334	-	687,400	1,298,529
<i>At 29 July 2012</i>	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)
<i>Balance as at 27 July 2013</i>	608,615	464	2,383	11,440	2,502	-	674,962	1,300,366

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013

1 CORPORATE INFORMATION

The financial report of Premier Investments Limited for the 52 weeks ended 26 July 2014.

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 28 July 2013 to 26 July 2014.

(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, 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, disclosures, standards and interpretations

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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*: This amendment deletes from *AASB 124 Related Party Disclosures* individual key management personnel disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. In the current year, individual key management personnel disclosure relating to equity holdings and other related party transactions is now disclosed in the Remuneration Report, due to an amendment to the *Corporations Regulations 2001* issued in June 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (ii) *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. As the Group does not have any offsetting arrangements in place, the application of the amendment does not have any material impact on the consolidated financial statements.
- (iii) *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.
- (iv) *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. The adoption of this amending standard does not have any material impact on the consolidated financial statements.
- (v) *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. The application of the revised standard does not have any material impact on the consolidated financial statements.
- (vi) *New and revised Standards on consolidation, joint arrangements, associates and disclosures*: In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising *AASB 10 Consolidated Financial Statements*, *AASB 11 Joint Arrangements*, *AASB 12 Disclosure of Interests in Other Entities*, *AASB 127 (as revised in 2011) Separate Financial Statements*, and *AASB 128 (as revised in 2011) Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time AASB 10, AASB 11, AASB 12 and AASB 127 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding transitional guidance. AASB 127 (as revised in 2011) is not applicable to the Group as it only relates to separate financial statements.

AASB 10 establishes a new control model that applies to all 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. AASB 11 uses the principle of control in AASB 10 to define joint control. It further removes the option to account for jointly controlled entities using proportionate consolidation. The application of these standards have not had an impact on the current composition of the Group.

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates. The application of AASB 12 has not materially impacted the disclosures presented in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (vii) *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 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. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. 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 27 July 2013. Other than the expanded disclosure requirements, AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

The Group has elected to early adopt the following New Standards or amendments for this financial year:

- (i) *AASB 2013-3 Amendments to AASB 136 – Recoverable amount disclosures for Non-Financial Assets*: These amendments remove the unintended consequences of AASB 13 *Fair Value Measurements* on the disclosure required under AASB 136 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment losses have been recognised or reversed during the period. These amendments are effective retrospectively for annual reporting periods beginning on or after 1 January 2014 with earlier application permitted, provided AASB 13 is also applied. The Group has early adopted these amendments to AASB 136 in the current period. Accordingly, these amendments have been incorporated in the disclosures for non-financial assets in Note 10. The amendments will continue to be applicable for future disclosures.

Adoption of these new and revised Standards did not have any effect on the financial position or performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

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 26 July 2014, are outlined in the table below:

Title	Summary	Effective for annual reporting periods beginning on or after	Impact on Group financial report	Expected to be initially applied by the Group for the financial year beginning
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> 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 may 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 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	AASB 2013-4 amends AASB 139 <i>Financial Instruments: Recognition and Measurement</i> to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	The Group does not expect the amendment to have a significant impact on the current reported results position of the Group.	27 July 2014
AASB 1031 Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	The Group has not yet determined the potential effects of the standard.	27 July 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The standard contains 3 main parts and makes amendments to a number of other Standards and Interpretations: <ul style="list-style-type: none"> Part A makes consequential amendments arising from the issuance of AASB CF 2013-1 <i>Amendments to the Australian Conceptual Framework</i>. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 <i>Materiality</i> and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 <i>Financial Instruments</i>. 	The application dates of AASB 2013-9 are as follows: <p>Part A: periods ending on or after 20 December 2013</p> <p>Part B: periods beginning on or after 1 January 2014</p> <p>Part C: periods beginning on or after 1 January 2015</p>	The application of Part A does not have any material impact on the consolidated financial statements.	The application dates of AASB 2013-9 for the Group are as follows: <p>Part A: 28 July 2013</p> <p>Part B: 27 July 2014</p> <p>Part C: 26 July 2015</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Summary	Effective for annual reporting periods beginning on or after	Impact on Group financial report	Expected to be initially applied by the Group for the financial year beginning
Interpretation 21 Levies	This interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	The Group has not yet determined the potential effects of the standard.	27 July 2014
Annual Improvements to IFRS 2010 – 2012 Cycle	This Standard sets out amendments to International Financial Reporting Standards and the related bases for conclusions and guidance made during the IASB Annual Improvements Process. These amendments have not yet been adopted by the AASB. Key amendments, applicable to the Group, include: <ul style="list-style-type: none"> • IFRS 2: Clarifies the definition of a “vesting condition” and “market condition”. • IFRS 8: Requires entities to disclose factors used to identify the entity’s reportable segments when operating segments have been aggregated. • IAS 16 and IAS 38: Clarifies that the determination of accumulated depreciation does not depend on the selection of valuation technique and that it is calculated as the difference between gross and net carrying amounts. • IAS 24: Defines a management entity providing Key Management Personnel (KMP) services as a related party of the reporting entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 July 2014	The Group has not yet determined the potential effects of the standard.	27 July 2014
Annual Improvements to IFRS 2011 – 2013 Cycle	This standard sets out amendments to International Financial Reporting Standards and the related bases for conclusions and guidance made during the IASB Annual Improvements Process. These amendments have not yet been adopted by the AASB. Key amendments, applicable to the Group, include: <ul style="list-style-type: none"> • IFRS 13: Clarifies that the portfolio exception in par 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9. 	1 July 2014	The Group has not yet determined the potential effects of the standard.	27 July 2014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Summary	Effective for annual reporting periods beginning on or after	Impact on Group financial report	Expected to be initially applied by the Group for the financial year beginning
<p>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</p>	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p> <ul style="list-style-type: none"> • New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. • Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time. • In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018. 	<p>1 January 2018</p>	<p>The Group has not yet determined the potential effects of the standard. Retrospective application is generally required.</p>	<p>29 July 2018</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Summary	Effective for annual reporting periods beginning on or after	Impact on Group financial report	Expected to be initially applied by the Group for the financial year beginning
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 supersedes IAS 18 <i>Revenue</i> and IFRIC 13 <i>Customer Loyalty Programmes</i> .	1 January 2017	The Group has not yet determined the potential effects of the standard.	30 July 2017

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated 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 it is 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

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.

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.

(ii) Significant accounting estimates and assumptions

Estimated impairment of goodwill and intangibles with indefinite useful lives

The Group tests whether goodwill and intangibles with indefinite useful lives have suffered any impairment annually, in accordance with the accounting policies stated in note 2(n) and note 2(o). 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 10 for details of these assumptions and the potential impact of changes to the assumptions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

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.

Supply chain transformation provisions

The Group's consolidation process of its Australia and New Zealand Distribution Centres into one national distribution centre in Truganina, Victoria have resulted in a supply chain transformation provision in which judgements and estimations were made. The Group follows the guidance of AASB 137 Provisions, Contingent Liabilities and Contingent Assets to determine whether a provision is required. A restructuring provision is recognised when a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and appropriate time lines have been established. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fair value of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) BASIS OF CONSOLIDATION (CONTINUED)

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.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received and of any investment retained;
- Recognises the surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(f) INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method of accounting in the consolidated financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *INVESTMENT IN ASSOCIATES (CONTINUED)*

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates. At each reporting period, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the statement of comprehensive income.

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.

(g) *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.

(h) *CURRENT VERSUS NON-CURRENT CLASSIFICATION*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold in the normal operating cycle, or primarily held for the purpose of trading, or is expected to be realised within twelve months after the reporting period, or;
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) *CURRENT VERSUS NON-CURRENT CLASSIFICATION (CONTINUED)*

All other assets are classified as non-current. A liability is current when it is:

- Expected to be settled in the normal operating cycle, or primarily held for the purpose of trading, or is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current.

(i) *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.

(j) *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. The United Kingdom subsidiaries' functional currency is Pound Sterling. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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.

(m) PROPERTY, PLANT AND EQUIPMENT

Property, 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:

- Buildings 40 years
- Store plant and equipment 3 to 8 years
- Leased plant and equipment 2 to 5 years
- Other plant and equipment 2 to 20 years

Freehold land is not depreciated.

The carrying values of property, 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 property, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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.

The recoverable amount 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) *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

(p) *OTHER FINANCIAL ASSETS*

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, 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.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) OTHER FINANCIAL LIABILITIES

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(i) 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.

(ii) 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.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) 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-measured at fair value. Any derivative financial instruments acquired through business combinations are re-designated.

Derivatives are carried as financial assets when their fair value is positive and as financial 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) *DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)*

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.

(s) *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.

(t) *BORROWING COSTS*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of the funds.

(u) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) *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.

(w) *SUPPLY CHAIN TRANSFORMATION PROVISIONS*

Restructuring provisions are only recognised when general recognition criteria for provisions are fulfilled. Additionally, the Group needs to follow a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and appropriate time line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

(x) *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.

(y) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) DEFERRED INCOME (CONTINUED)

(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.

(z) 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.

(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.

(aa) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) INCOME TAX (CONTINUED)

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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) INCOME TAX (CONTINUED)

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. 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.

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.

(bb) 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.

(cc) 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.

(dd) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) *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.

(ff) *COMPARATIVES*

The current reporting period, 28 July 2013 to 26 July 2014, represents 52 weeks and the comparative reporting period is from 29 July 2012 to 27 July 2013 which also represents 52 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
3	REVENUE		
	<i>REVENUE</i>		
	Revenue from sale of goods	888,426	836,454
	Revenue from sale of goods to associate	4,144	6,718
	TOTAL REVENUE FROM SALE OF GOODS	892,570	843,172
	<i>OTHER REVENUE</i>		
	Membership program fees	465	521
	Other sundry revenue	20	-
	<i>INTEREST</i>		
	Other persons	10,848	13,520
	Associate	291	336
	Total Interest	11,139	13,856
	<i>DIVIDENDS</i>		
	Other listed companies	-	3,862
	Total Dividends	-	3,862
	TOTAL OTHER REVENUE	11,624	18,239
	TOTAL REVENUE	904,194	861,411
	<i>OTHER INCOME</i>		
	Amortisation of deferred income	3,836	2,539
	Gain on ineffective cash flow hedges	-	632
	Net gain on financial instruments	-	3,350
	Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	-	149,803
	Royalty and licence fees		
	Other persons	821	377
	Associate	266	-
	Insurance proceeds	427	-
	Other	426	132
	TOTAL OTHER INCOME	5,776	156,833
	TOTAL INCOME	909,970	1,018,244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED		
	NOTES	2014 \$'000	2013 \$'000	
4	EXPENSES AND LOSSES			
	<i>EXPENSES</i>			
	<i>DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS</i>			
	Depreciation of property, plant and equipment	9	21,132	18,804
	Amortisation of property, plant and equipment under lease	9	47	53
	Impairment of property, plant and equipment	9	697	262
	TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		21,876	19,119
	<i>AMORTISATION OF NON-CURRENT ASSETS</i>			
	Amortisation of leasehold premiums	10	65	68
	TOTAL AMORTISATION OF NON-CURRENT ASSETS		65	68
	TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		21,941	19,187
	<i>FINANCE COSTS</i>			
	Finance charges payable under finance leases		25	36
	Interest on bank loans and overdraft		6,245	6,198
	Provision for discount adjustment on onerous leases		41	754
	TOTAL FINANCE COSTS		6,311	6,988
	<i>OPERATING LEASE EXPENSES</i>			
	Minimum lease payments – operating leases		158,415	152,533
	Contingent rentals		27,646	25,810
	TOTAL OPERATING LEASE EXPENSES		186,061	178,343
	<i>OTHER EXPENSES INCLUDES</i>			
	Share-based payments expense		898	932
	Foreign exchange losses		345	243
	Loss on ineffective cash flow hedges		625	-
	Net loss on disposal of property, plant and equipment		426	352
	<i>MARKET ENTRY COSTS</i>			
	During the financial year, Smiggle commenced operations in the United Kingdom. As a consequence, included in other expenses are costs amounting to \$3.1 million incurred as a result of the Group's entry into the UK market.			
	<i>SUPPLY CHAIN TRANSFORMATION</i>			
	The Group is currently in the process of consolidating its Australia and New Zealand Distribution Centres into one national distribution centre in Truganina, Victoria. As a result of this transformation, expenses totalling \$4.5 million have been incurred in the 2014 financial year. As a consequence of this transformation, the existing distribution centre at Huntingwood, NSW closed in June 2014. The existing distribution centre in Altona, Victoria, is expected to close in early 2015.			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
5	INCOME TAX		
	The major components of income tax expense are:		
(a)	<i>INCOME TAX RECOGNISED IN PROFIT AND LOSS</i>		
	CURRENT INCOME TAX		
	Current income tax charge	25,936	21,111
	Adjustment in respect of current income tax of previous years	(74)	(279)
	DEFERRED INCOME TAX		
	Relating to origination and reversal of temporary differences	(497)	5,999
	Deferred income tax reclassified from equity to profit and loss	-	44,652
	INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	25,365	71,483
(b)	<i>STATEMENT OF CHANGES IN EQUITY</i>		
	Deferred income tax related to items charged (credited) directly to equity:		
	Net deferred income tax on movements on cash-flow hedges	(6,431)	5,481
	Unrealised gain on available-for-sale investments	-	9,582
	Deferred income tax reclassified from equity to profit and loss	-	(44,652)
	INCOME TAX BENEFIT REPORTED IN EQUITY	(6,431)	(29,589)
(c)	<i>NUMERICAL RECONCILIATION BETWEEN AGGREGATE TAX EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND TAX EXPENSE CALCULATED PER THE STATUTORY INCOME TAX RATE</i>		
	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	98,365	245,956
	At the Parent Entity's statutory income tax rate of 30% (2013: 30%)	29,510	73,787
	Adjustment in respect of current income tax of previous years	(74)	(279)
	Items not recognised in deferred tax balances	(179)	(447)
	Net expenditure not allowable for income tax purposes	39	424
	Income not assessable for tax purposes	(3,931)	(2,002)
	AGGREGATE INCOME TAX EXPENSE	25,365	71,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
5	INCOME TAX (CONTINUED)		
(d)	<i>RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES</i>		
	<i>DEFERRED TAX RELATES TO THE FOLLOWING:</i>		
	Intangibles	(969)	(943)
	Foreign currency balances	204	(4,998)
	Potential capital gains tax on financial investments	(44,637)	(44,637)
	Deferred gains and losses on foreign exchange contracts	1,589	-
	Inventory provisions	468	235
	Deferred income	3,962	4,465
	Employee provisions	4,874	5,211
	Other receivables and prepayments	(96)	(316)
	Property, plant and equipment	(6,539)	(7,134)
	R&D depreciation equipment	(33)	(113)
	Leased plant and equipment	(18)	(32)
	Other	736	861
	Lease liability	20	34
	NET DEFERRED TAX LIABILITIES	(40,439)	(47,367)
	<i>REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:</i>		
	Deferred tax assets	12,147	10,928
	Deferred tax liabilities	(52,586)	(58,295)
	NET DEFERRED TAX LIABILITIES	(40,439)	(47,367)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
6	DIVIDENDS PAID AND PROPOSED		
	<i>RECOGNISED AMOUNTS</i>		
	Declared and paid during the year		
	Interim franked dividends for 2014:		
	20 cents per share (2013: 19 cents)	31,063	29,499
	Final franked dividends for 2013:		
	19 cents per share (2012: 18 cents)	29,499	27,947
	<i>UNRECOGNISED AMOUNTS</i>		
	Final franked dividend for 2014:		
	20 cents per share (2013: 19 cents)	31,143	29,499
	<i>FRANKING CREDIT BALANCE</i>		
	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% (2013: 30%)	204,477	213,809
	- franking credits that will arise from the payment of income tax payable (receivable) as at the end of the financial year	23,035	13,141
	- franking debits that will arise from the payment of dividends as at the end of the financial year	(13,347)	(12,642)
		214,165	214,308

The tax rate at which paid dividends have been franked is 30% (2013: 30%). Dividends proposed will be franked at the rate of 30% (2013: 30%).

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
7	TRADE AND OTHER RECEIVABLES		
	<i>CURRENT</i>		
	Sundry debtors	11,002	6,388
	Associate	1,153	470
	Carrying amount of trade and other receivables	12,155	6,858
	<i>NON-CURRENT</i>		
	Associate	1,004	1,929
	Carrying amount of trade and other receivables	1,004	1,929

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) *Impairment losses*

Receivables are non-interest-bearing and are generally on 30 to 60 day terms. A provision for impairment loss is recognised where there is objective evidence that an individual receivable balance is impaired. No impairment loss has been recognised by the Group during the financial period ended 26 July 2014 (2013: \$nil). During the year, a bad debt expense of \$nil (2013: \$nil) was recognised.

	CONSOLIDATED		
	NOTES	2014 \$'000	2013 \$'000

8 INVENTORIES

The valuation policy adopted in respect of the following is set out in Note 2(l)

Raw materials		491	989
Finished goods		98,005	82,970
TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE		98,496	83,959

9 PROPERTY, PLANT AND EQUIPMENT

Land – at cost		3,203	-
Buildings – at cost		14,985	-
Less: accumulated depreciation and		(57)	-
Total		14,928	-
Plant and equipment – at cost		192,492	169,726
Less: accumulated depreciation and		(101,654)	(88,603)
Total		90,838	81,123
Capitalised leased assets – at cost		343	343
Less: accumulated depreciation and		(284)	(237)
Total		59	106
Capital works in progress		-	2,173
TOTAL PROPERTY, PLANT AND EQUIPMENT		109,028	83,402

RECONCILIATIONS

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

Land

At beginning of the financial period		-	-
Additions		3,203	-
Net carrying amount at end of financial period		3,203	-

Buildings

At beginning of financial period		-	-
Transferred from capital works in progress		2,173	-
Additions		12,812	-
Depreciation	4	(57)	-
Net carrying amount at end of financial period		14,928	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
	NOTES	2014 \$'000	2013 \$'000
9	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
	<i>RECONCILIATIONS (CONTINUED)</i>		
	<i>Plant and equipment</i>		
	At beginning of the financial period	81,123	80,083
	Additions	32,149	19,231
	Disposals	(845)	(360)
	Exchange differences	433	1,235
	Impairment – plant and equipment	4	(697)
	Impairment – supply chain transformation	4	(250)
	Depreciation	4	(21,075)
	Net carrying amount at end of financial period	90,838	81,123
	<i>Leased plant and equipment</i>		
	At beginning of the financial period	106	243
	Disposals	-	(84)
	Amortisation	4	(47)
	Net carrying amount at end of financial period	59	106
	<i>Capital works in progress</i>		
	At beginning of the financial period	2,173	-
	Additions	-	2,173
	Transferred to Buildings	(2,173)	-
	Net carrying amount at end of financial period	-	2,173
	TOTAL PROPERTY PLANT AND EQUIPMENT	109,028	83,402

LAND AND BUILDINGS

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. Settlement of the Distribution Centre occurred on 16 January 2014. The internal fit-out and commissioning of the property will be completed early 2015.

The land and buildings with a combined carrying amount of \$18,131,000 have been pledged to secure certain interest-bearing borrowings of the Group (refer to note 13).

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

On an individual store basis, identified to be the cash-generating units (CGU) 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 CGU 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% (2013: 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 \$697,000 was recognised during the financial year (2013: \$262,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

10 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 26 JULY 2014					
<i>As at 28 July 2013 net of accumulated amortisation and impairment</i>	477,085	376,179	1,176	89	854,529
Trademark registrations	-	-	106	-	106
Amortisation	-	-	-	(65)	(65)
Exchange differences	-	-	-	2	2
<i>As at 26 July 2014 net of accumulated amortisation and impairment</i>	477,085	376,179	1,282	26	854,572
AS AT 28 JULY 2013					
Cost (gross carrying amount)	477,085	376,179	1,282	797	855,343
Accumulated amortisation and impairment	-	-	-	(771)	(771)
Net carrying amount	477,085	376,179	1,282	26	854,572
YEAR ENDED 27 JULY 2013					
<i>As at 29 July 2012 net of accumulated amortisation and impairment</i>	477,085	376,179	1,080	146	854,490
Trademark registrations	-	-	96	-	96
Amortisation	-	-	-	(68)	(68)
Exchange differences	-	-	-	11	11
<i>As at 27 July 2013 net of accumulated amortisation and impairment</i>	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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

10 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF GOODWILL

Impairment of goodwill acquired in a business combination is determined by assessing the recoverable amount of the cash-generating unit (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 2014 for a period of five years plus a terminal value. The cash flow projections are based on financial estimates approved by the senior management and the Board for the 2015 financial year and are projected for a further four years based on estimated growth rates of 3.4% to 3.5% (2013: 3.4% to 3.6%). As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives.

Cash flows beyond the five year period are extrapolated using a growth rate of 3% which reflects the long-term growth expectation beyond the five year projection.

The post-tax discount rate applied to these cash flow projections is 10.8% (2013: 11.1%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital.

Management has considered reasonably possible adverse changes in expected sales growth, forecast EBITA and discount rates applied within the CGU to which goodwill relate, each of which have been subject to sensitivities. A reasonably possible adverse change in these key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable 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 2014 for a period of five years plus a terminal value. The cash flow projections are based on financial estimates approved by senior management and the Board for the 2015 financial year and are projected for a further four years based on estimated growth rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

10 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)

The extrapolated growth rates at which cash flows have been discounted for the individual brands within each of the CGU groups 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 11%	3%
Non Apparel	4% to 8%	3%

As part of the annual impairment test for brand names, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives.

Cash flows beyond the five year period are extrapolated using a growth rate of 3%, which reflects the long-term growth expectation beyond the five year projection.

The post-tax discount rate applied to the cash flow projections for each of the three CGU groups is 9.8% (2013: 10.1%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital.

Royalty rates have been determined for each brand within the CGU groups by considering the brand's historic 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 considering 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 groups range between 3.5% and 8.5%.

Management has considered reasonably possible adverse changes in key assumptions applied to brands within the relevant CGU groups, each of which have been subjected to sensitivities.

In particular, one brand within the Women's Wear CGU with a carrying value of \$31.6 million, which approximates its recoverable amount, indicated sensitivity to a reasonably possible adverse change in forecast sales growth, as well as indicating sensitivity to a reasonably possible adverse change to the post-tax discount rate applied to the cash flow projections.

It is estimated that a 5% reduction in forecast sales growth could result in a decrease in the recoverable amount of the brand within the particular CGU group leading to a potential impairment of \$2.8 million. Similarly, an estimated 50 basis point increase in the 9.8% post-tax discount rate applied to the cash flow projections could result in a decrease in the recoverable amount of the brand within the CGU group leading to a potential impairment of \$3.4 million. The potential impairment losses as a result of the reasonably possible adverse changes to these key assumptions are not considered material to the overall recoverable amount of the CGU group to which the brand relates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
11 INVESTMENTS IN ASSOCIATES		
<i>Movements in carrying amounts</i>		
Carrying amount at the beginning of the financial year	185,534	1,484
Fair value of investment in Breville Group Limited at commencement of equity accounting	-	184,326
Share of profit after income tax	12,785	3,114
Share of other comprehensive income	(896)	1,219
Foreign currency translation of investment	(307)	74
Dividends received	(8,698)	(4,683)
Investments in associates	188,418	185,534

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 profit in its investment in the associate for the year was \$247,215 (2013: Loss of \$132,554).

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

<i>GROUP'S SHARE OF THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION</i>	2014 \$'000	2013 \$'000
Current assets	4,211	3,373
Non-current assets	1,359	1,539
<i>Total assets</i>	<i>5,570</i>	<i>4,912</i>
Current liabilities	(2,833)	(1,436)
Non-current liabilities	(1,381)	(2,050)
<i>Total liabilities</i>	<i>(4,214)</i>	<i>(3,486)</i>
NET ASSETS		
Share of associate's net assets	1,356	1,426
<i>GROUP'S SHARE OF THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME</i>	2014 \$'000	2013 \$'000
Revenue	12,744	12,663
Profit (Loss) after income tax	247	(133)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

11 INVESTMENTS IN ASSOCIATES (CONTINUED)

Breville Group Limited

As at 26 July 2014, Premier Investments Limited holds 25.7% (2013: 25.7%) of Breville Group Limited, a company incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The principal activities of Breville Group Limited involves the innovation, development, marketing and distribution of small electrical appliances.

The Group commenced equity accounting for its investment in Breville Group Limited on 1 March 2013, which was considered the date that the Group gained significant influence. The fair value of the Group's investment in Breville Group Limited on 1 March 2013 amounted to \$184,325,534.

As at 26 July 2014, the fair value of the Group's interest in Breville Group Limited as determined based on the quoted market price was \$264,947,047 (2013: \$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 for the year was \$12,537,482 (2013: apportioned from 1 March 2013 \$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 2014 have been used.

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

<i>GROUP'S SHARE OF THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION</i>	2014 \$'000	2013 \$'000
Current assets	63,593	63,863
Non-current assets	22,860	23,152
<i>Total assets</i>	86,453	87,015
Current liabilities	(25,172)	(30,351)
Non-current liabilities	(6,506)	(4,936)
<i>Total liabilities</i>	(31,678)	(35,287)
<i>NET ASSETS</i>		
Share of associate's net assets	54,775	51,728
		APPORTIONED FROM 1 MARCH 2013
<i>GROUP'S SHARE OF THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME</i>	2014 \$'000	\$'000
Revenue	139,249	39,976
Profit after income tax	12,538	3,247
Other comprehensive (loss) income	(886)	1,219

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
12	TRADE AND OTHER PAYABLES		
	<i>CURRENT</i>		
	Trade creditors	35,118	34,808
	Other creditors and accruals	27,402	19,706
	TOTAL CURRENT	62,520	54,514
13	INTEREST-BEARING LIABILITIES		
	<i>CURRENT</i>		
	Lease liability	52	48
	Bank loans* unsecured ^	82,000	-
	Bank loans* unsecured (NZ\$20.0 million) ^	18,477	-
	Net bank loans	100,477	-
	TOTAL CURRENT	100,529	48
	^ Details regarding the subsequent to year end extension of the Just Group Ltd finance facilities is disclosed in Note 19.		
	<i>NON-CURRENT</i>		
	Lease liability	14	65
	Bank loans ** secured	19,000	-
	Bank loans* unsecured	-	85,000
	Bank loans* unsecured (NZ\$20.0 million)	-	17,240
		19,000	102,240
	Less directly attributable borrowing costs	-	(385)
	Net bank loans	19,000	101,855
	TOTAL NON-CURRENT	19,014	101,920

* 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.

** Premier Investments Limited obtained a bank borrowing amounting to \$19 million. The borrowing is secured by a mortgage over the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
14	PROVISIONS		
	<i>CURRENT</i>		
	Employee entitlements – Annual Leave	10,011	10,137
	Employee entitlements – Long Service Leave	4,906	5,076
	Supply chain transformation	1,100	-
	Onerous leases	541	1,551
	TOTAL CURRENT	16,558	16,764
	<i>NON-CURRENT</i>		
	Employee entitlements – Long Service Leave	1,462	1,467
	MOVEMENTS IN PROVISIONS		
	<i>Supply chain transformation</i>		
	Opening balance	-	-
	Charged to Profit and Loss	4,482	-
	Utilised during the period	(3,382)	-
	Closing balance	1,100	-
	<i>Onerous leases</i>		
	Opening balance	1,551	4,739
	Charged (credited) to Profit and Loss	248	(927)
	Utilised during the period	(1,258)	(2,261)
	Closing balance	541	1,551

NATURE AND TIMING OF PROVISIONS

Supply chain transformation, onerous lease and employee entitlements provisions

Refer to note 2(u), 2(v), 2(w) and 2(x) for the relevant accounting policy and a discussion of significant estimations and assumptions applied in the measurement of these provisions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
15	RESERVES		
	RESERVES COMPRISE:		
	Capital profits reserve (a)	464	464
	Fair value reserve (b)	-	-
	Foreign currency translation reserve (c)	2,334	2,502
	Cash flow hedge reserve (d)	(3,565)	11,440
	Performance rights reserve (e)	3,281	2,383
	TOTAL RESERVES	2,514	16,789

(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

Opening balance	-	82,618
Increment on revaluation of available-for-sale financial assets	-	32,115
Net deferred income tax movement on financial assets	-	(9,582)
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	-	-

(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

Opening balance	2,502	72
Foreign currency translation of overseas subsidiaries	728	1,211
Net movement in associate entities reserves	(896)	1,219
CLOSING BALANCE	2,334	2,502

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
15	RESERVES (CONTINUED)		
(d)	<i>CASH FLOW HEDGE RESERVE</i>		
(i)	<i>Nature and purpose of reserve</i>		
	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)	<i>Movements in the reserve</i>		
	Opening balance	11,440	(1,349)
	Net losses on cash flow hedges	(5,355)	(1,712)
	Transferred from statement of financial position/comprehensive income	(16,081)	19,982
	Net deferred income tax movement on cash flow hedges	6,431	(5,481)
	CLOSING BALANCE	(3,565)	11,440
(e)	<i>PERFORMANCE RIGHTS RESERVE</i>		
(i)	<i>Nature and purpose of reserve</i>		
	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)	<i>Movements in the reserve</i>		
	Opening balance	2,383	1,451
	Performance rights expense for the year	898	932
	CLOSING BALANCE	3,281	2,383

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

16 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.

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.

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 26 July 2014 and 27 July 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

16 OPERATING SEGMENTS (CONTINUED)

(a) *OPERATING SEGMENTS*

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>REVENUE</i>								
Sale of goods	892,570	843,172	-	-	-	-	892,570	843,172
Interest revenue	449	510	10,690	13,346	-	-	11,139	13,856
Other revenue	470	524	45,015	45,859	(45,000)	(42,000)	485	4,383
Other income	5,776	3,680	-	153,153	-	-	5,776	156,833
Total Segment Revenue	899,265	847,886	55,705	212,358	(45,000)	(42,000)	909,970	1,018,244
Total revenue per the statement of comprehensive income							909,970	1,018,244
<i>RESULTS</i>								
Depreciation and amortisation	21,244	18,925	-	-	-	-	21,244	18,925
Impairment of property plant and equipment	697	262	-	-	-	-	697	262
Interest expense	6,311	6,988	-	-	-	-	6,311	6,988
Supply chain transformation expense	4,482	-	-	-	-	-	4,482	-
Share of profit (loss) of associates	247	(133)	12,538	3,247	-	-	12,785	3,114
Segment result	79,299	76,686	64,066	211,270	(45,000)	(42,000)	98,365	245,956
Income tax expense							(25,365)	(71,483)
Net profit after tax per the statement of comprehensive income							73,000	174,473
<i>ASSETS AND LIABILITIES</i>								
Segment assets	378,808	345,484	1,279,885	1,269,010	(62,754)	(52,480)	1,595,939	1,562,014
Segment liabilities	247,203	210,913	68,298	58,551	(18,091)	(7,816)	297,410	261,648
Capital expenditure	48,164	19,231	-	2,173	-	-	48,164	21,404

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

16 OPERATING SEGMENT (CONTINUED)

(b) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		SINGAPORE		UNITED KINGDOM		TOTAL		ELIMINATIONS		CONSOLIDATED	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>REVENUE</i>														
Sale of goods	752,505	723,194	119,561	106,134	18,393	13,844	2,111	-	892,570	843,172	-	-	892,570	843,172
Other revenue and income	16,794	174,580	577	488	14	4	15	-	17,400	175,072	-	-	17,400	175,072
Segment income	769,299	897,774	120,138	106,622	18,407	13,848	2,126	-	909,970	1,018,244	-	-	909,970	1,018,244
Segment non- current assets	1,203,680	1,213,052	8,730	9,975	2,868	3,517	4,465	-	1,219,743	1,226,544	(54,495)	(86,805)	1,165,248	1,139,739
Capital expenditure	42,615	19,463	980	836	270	1,105	4,299	-	48,164	21,404	-	-	48,164	21,404

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
17	NOTES TO THE STATEMENT OF CASH FLOWS		
(a)	<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS</i>		
	Cash at bank and in hand	27,187	31,445
	Short-term deposits	286,121	281,712
	TOTAL CASH ASSETS AND CASH EQUIVALENTS	313,308	313,157
(b)	<i>RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET PROFIT AFTER INCOME TAX</i>		
	Net profit for the period	73,000	174,473
	<i>Adjustments for:</i>		
	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)
	Amortisation	112	121
	Depreciation	21,132	18,804
	Impairment and write-off of non-current assets	947	372
	Foreign exchange losses	345	243
	Share of profit of associates	(12,785)	(3,114)
	Finance charges on capitalised leases	25	36
	Borrowing costs	387	233
	Net loss on disposal of property, plant and equipment	426	352
	Share-based payments expense	898	932
	Movement in cash flow hedge reserve	(15,005)	12,790
	Net exchange differences	(276)	1,335
	<i>Changes in assets and liabilities net of the effects from acquisition and disposal of businesses:</i>		
	Decrease in income tax receivable	-	3,413
	Decrease in provisions	(211)	(3,176)
	Increase (decrease) in deferred tax liabilities	(5,709)	14,351
	Increase in trade and other payables	12,086	7,185
	Increase (decrease) in other financial liabilities	6,614	(2,114)
	Decrease in deferred income	(1,692)	(2,976)
	Increase in trade and other receivables	(7,244)	(722)
	Increase in other current assets	(539)	(384)
	Increase in inventories	(14,537)	(12,867)
	Decrease (increase) in other financial assets	15,446	(16,789)
	(Increase) decrease in deferred tax assets	(1,219)	1,230
	Increase in income tax payable	11,179	13,463
	NET CASH FLOWS FROM OPERATING ACTIVITIES	83,380	89,108

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
17	NOTES TO THE STATEMENT OF CASH FLOWS		
	(CONTINUED)		
<i>(c)</i>	<i>FINANCE FACILITIES</i>		
	Working capital and bank overdraft facility		
	Used	-	-
	Unused	12,000	12,000
		12,000	12,000
	Finance facility ^		
	Used	119,477	102,240
	Unused	39,523	37,760
		159,000	140,000
	Bank guarantee facility		
	Used	607	538
	Unused	1,393	1,462
		2,000	2,000
	Interchangeable facility		
	Used	2,134	1,402
	Unused	5,866	6,598
		8,000	8,000
	Leasing facility		
	Used	66	113
	Unused	-	-
		66	113
	Total facilities		
	Used	122,284	104,293
	Unused	58,782	57,820
	TOTAL	181,066	162,113

^ Details regarding the subsequent to year end extension of the Just Group Ltd finance facilities is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 26 JULY 2014 AND 27 JULY 2013 (CONTINUED)

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
18 EARNINGS PER SHARE		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit for the period	73,000	174,473
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	155,384	155,260
- diluted earnings per share	157,455	157,083

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.

19 EVENTS AFTER THE REPORTING DATE

During September 2014, the Group's core debt facility relating to its unsecured bank loans was refinanced for a further three years.

Subsequent to year-end, Premier Investments Limited increased its shareholding in Breville Group Limited from 25.7% to 27.33% by purchasing a further 2.1 million shares for \$15.2 million.

On 16 September 2014, the directors of Premier Investments Limited declared a final dividend in respect of the 2014 financial year. The total amount of the dividend is \$31,143,000 (2013: \$29,499,000) which represents a fully franked dividend of 20 cents per share (2013: 19 cents per share).

20 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 \$2,740,170 (2013: \$1,940,687).