PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

Annual Report 2011

Mark McInnes

CEO Premier Retail

Solomon Lew

Chairman and
Non-Executive Director

FRONT COVER: Features Abbey Lee Kershaw for Portmans. Hailing from Melbourne, Kershaw is currently ranked as the #5 supermodel in the world, making her Australia's top model.

Chairman's Report

The Directors of Premier Investments Limited ('Premier') have pleasure in submitting to shareholders the Annual Report for the year ended 30 July, 2011.

The 2011 financial year result reflects the continuation of an extremely challenging general retail environment – due to a range of both international and local factors – and the effect on Premier's fully owned subsidiary, Just Group Limited, Australasia's largest specialty retail business.

The Premier Board believes that the actions taken during the 2011 year have strongly positioned our company to successfully manage the difficult retail environment, and the structural changes taking place in the retail industry, in order to achieve both short and long term improved operational and financial performance which can then be leveraged as external conditions normalise and our growth brands expand.

Key issues for the year were:

- The appointment in April of one of Australia's most successful retailers, Mark McInnes, as CEO of Just Group Limited and CEO of Premier Retail with a mandate to grow the value of our retail assets.
- The adoption by the Premier Board in July of a Strategic Review of Premier Retail conducted by Mr McInnes. The review includes a comprehensive range of initiatives for Just Group which are now being successfully implemented. Further information concerning the Strategic Review can be found elsewhere in the Annual Report and the full document has been lodged with the ASX.
- The strengthening of Just Group's senior management team through the recruitment of experienced and successful brand leaders. The additions to our team provide Just Group with industry benchmark brand and merchandising leadership in all of our seven brands. High level appointments have also been made in the non-merchandising areas of the business to achieve further efficiencies and cost controls.
- The outstanding success of our growth brands, Peter Alexander and Smiggle, notwithstanding the difficult environment.
- The strong early results achieved by Smiggle in Singapore. While the Board and management will be very disciplined it is now intended to accelerate the full roll out of stores in Singapore to achieve scale and an appropriate brand presence, as a platform for further expansion in Asia.
- The solid progress made in the transformation of Portmans which is on track to return to profit in 2012.
- The continuing development and implementation of the online business growth strategy for each of our brands. While Just Group has a significant online presence its history has been a combination of a 'learning' and defensive exercise, underpinned by a loyalty/marketing approach (with the notable exception of Peter Alexander). The transformation of the existing base as a platform to drive sales and margin growth represents a significant opportunity. A serious impediment remains Australia's fundamentally flawed two tax regime for online retailers – which benefits international retailers. Premier will continue to work through our industry bodies to seek Government action to ensure fair competition.

- The continued strong performance of our investment in Breville Group. Premier is the largest investor in Breville and has been a long term shareholder. Dividends from Breville increased by 20% over the prior year and the value of our investment at the end of the 2011 financial year had increased by 264% since 2008.
- The maintenance of Premier's very strong balance sheet with no net debt and substantial cash reserves. This position represents a significant asset for Premier at this time and provides a potential competitive advantage as we consider growth opportunities.

At the time of writing these are very uncertain times with significant volatility in the financial and equity markets arising from unresolved issues in the global economy. For the retail industry this has resulted in very low levels of consumer confidence. In Australia consumer confidence has also been negatively impacted by the actions of the Reserve Bank in its response to the mining boom, the uncertainty surrounding a minority Government and initiatives such as the proposed carbon tax.

That said, your Directors are confident that these external factors have been recognised in the development of our business strategies and that all of the issues which are within our control are being very well managed.

In summary, we believe that Premier is strongly positioned from a comparative international perspective through a combination of our Australian core market, the established strength of our core brands, growth brands, growth potential into Asia through Smiggle, an experienced Board, strong management, no net debt and substantial cash reserves.

The Premier Board has continued in 2011 to recognise the importance of shareholder returns. Your Directors fully understand that our shareholders are the owners of the Company who have entrusted to us at risk capital which they expect to be prudently managed to achieve investment returns and long term wealth creation.

The Directors have declared total fully franked dividends of 36 cents per share for 2011.

We are pleased that at a time when dividend payments are under pressure elsewhere, given the operating environment, that Premier has been able to maintain our strong dividend performance due to the confidence in our management team, the Premier Retail Strategic Plan, our strong balance sheet and our substantial cash reserves.

In conclusion, on behalf of all Directors, I would like to thank Mark McInnes and the over 6,000 Just Group team members. We also thank all of our shareholders for your continued support and would encourage shareholders to attend the Annual General Meeting on 29 November.

Solomon Lew
Chairman

The Directors

Solomon Lew
Chairman and
Non-Executive Director

Frank W. Jones FCA, CPA, ACIS
Deputy Chairman and
Non-Executive Director

Tim Antonie
Non-Executive Director

David M. Crean
Non-Executive Director

Lindsay E. Fox AC
Non-Executive Director

Henry D. Lanzer B. COM., LLB (Melb)
Non-Executive Director

Michael R.I. McLeod
Non-Executive Director

Gary H. Weiss LLM, J.S.D.
Non-Executive Director

Solomon Lew
Mr. Lew was appointed a Non-Executive director and Chairman of Premier on 31 March 2008. For many years, Mr. Lew has been a director of Century Plaza Investments Pty. Ltd., the largest shareholder in Premier and was previously Chairman of Premier from 1987 to 1994.

Mr. Lew has over 40 years experience in the manufacture, importation, wholesaling and retailing of textiles, apparel and general merchandise. Mr. Lew's success in the clothing industry has been largely due to his ability to read fashion trends and interpret them in the Australian market and to efficiently and cost-effectively produce quality garments. Property development and the acquisition and disposal of equity investments have proven to be a profitable and consistent activity for Mr. Lew's family entities. He has, through those family entities, made a number of investments in publicly listed companies over the years, including investments in Coles Myer Limited, Colorado Group Limited and Country Road Limited to name a few. Where these investments have been sold, it has resulted in substantial profits.

He is the Chairman of the Mount Scopus College Foundation, a member of the Board of Trustees of the Sport and Tourism Youth Foundation, a life member of The Duke of Edinburgh's Award World Fellowship, a Patron of Opera Australia and a Chairman or director of several philanthropic organisations.

Mr. Lew was a director of Coles Myer Limited from 1985 to 2002, serving as Vice Chairman from 1989, Chairman from 1991 to 1995, Executive Chairman in 1995 and Vice Chairman in 1995 and 1996. He was also a director of the Reserve Bank of Australia from 1992 to 1997.

Frank W. Jones FCA, CPA, ACIS
Mr. Jones is a Fellow of the Institute of Chartered Accountants in Australia and an Associate of the Australian Society of Certified Practising Accountants and the Institute of Chartered Secretaries & Administrators. Mr. Jones has extensive experience as a financial and general advisor to some of Australia's leading importing and retailing companies.

Mr. Jones served as Chairman of Premier from 1999 to 2002 and, more recently, from 2007 to 2008. He is a member of the Audit and Risk Committee of Premier and was the Committee's chairman until 31 July 2010.

Timothy Antonie
Mr. Antonie was appointed to the Board of Directors on 1 December 2009. He holds a Bachelor of Economics degree from Monash University and qualified as a Chartered Accountant with Price Waterhouse. He has 20 years experience in investment banking and formerly held positions of Managing Director from 2004 to 2008 and Senior Advisor in 2009 at UBS Investment Banking, with particular focus on large scale mergers and acquisitions and capital raisings in the Australian retail, consumer, media and entertainment sectors. Mr Antonie was also appointed as a Non-Executive director of Village Roadshow Limited on 1 December 2010.

David Crean
Dr. Crean was appointed Chairman of the Hydro Electric Corporation (Hydro Tasmania) in September 2004. He is also a member of the Business Risk Committee at Hydro Tasmania, member of the Audit Committee and Chairman of the Corporate Governance Committee. David was Tasmania's State Treasurer from August 1998 to his retirement from the position in February 2004. He was also Minister for Employment from July 2002 to February 2004. He was a Member for Buckingham in the Legislative Council from 1992 to February 1999, and then for Elwick until May 2004. From 1989 to 1992 he was the member for Denison in the House of Assembly. From 1993 to 1998 he held Shadow Portfolios of State Development, Public Sector Management, Finance and Treasury. David graduated from Monash University in 1976 with a Bachelor of Medicine and Bachelor of Surgery. Dr Crean was appointed to the position of Chairman of the Audit and Risk Committee as from 1 August 2010.

Lindsay E. Fox A.C.
Mr. Fox has extensive experience in all aspects of the transport, distribution and warehousing industries. He is the founder of the Linfox Group of Companies. Today, the Linfox Group is one of the largest supply chain services groups with operations in 10 countries. The Linfox Group employs over 18,000 people, operates 1.8 million square metres of warehouses and a fleet of more than 5,000 vehicles and carries out distribution operations for leading companies across the Asia-Pacific region. The Linfox Group comprises Linfox Group Pty Limited, Linfox Airports Pty Limited, Linfox Property Group Pty Limited and Linfox Armaguard Pty Limited.

Mr. Fox has extensive involvement in Australian and international circles and, apart from his business interests, is well recognised and active in sport and charity work.

In 2010, Victoria University admitted Mr. Fox to the degree of Doctor of the University honoris causa. In January 2008, Mr Fox was awarded a Companion of the Order of Australia (AC) for continued service to the transport and logistics industries, to business through the development and promotion of youth traineeships and to the community through a range of philanthropic endeavours.

He was awarded an Officer of the Order of Australia (AO) in 1992 for his contribution to the transport industry and the community and he received a Centenary Medal for services to the transport industry in 2001.

From September 1992 to December 1993, Mr. Fox, together with Mr. Bill Kelty, introduced a national campaign called 'Work for Australia'. This campaign encouraged companies and local communities to generate jobs for unemployed with the aid of government subsidies and programs. More than 60,000 jobs were pledged through their efforts and Mr. Fox and Mr. Kelty were awarded 'Victorians of the Year' by the Sunday Age. The success of this campaign set the foundations for NETTFORCE.

Henry D. Lanzer B. COM., LLB (Melb)

Mr. Lanzer is Managing Partner of Arnold Bloch Leibler - a leading Australian commercial law firm - and has over 25 years experience in providing legal and strategic advice to some of Australia's leading companies. He is a Director of Just Group Limited, a Director of the Burnet Institute and a member of its Development Committee and also a director of the TarraWarra Museum of Art. He is a Life Governor of the Mount Scopus College Council and President of the Mount Scopus College Foundation. Mr. Lanzer is Chairman of the Remuneration and Nomination Committee for Premier Investments Limited.

Michael R.I. McLeod

Mr. McLeod is an Executive Director of Century Plaza Trading Pty. Ltd. He has been associated with the Century Plaza Group of Companies since 1996 as an advisor in relation to corporate strategy, investment and public affairs and is a director of a number of associated companies. He has been a member of the Premier Board since 2002. He is a former Non-Executive Director of Zurich Scudder (formerly Scudder, Stevens and Clark Australia Limited), a large asset manager, and he has experience as an advisor to companies and government. He holds a Bachelor of Arts (First Class Honours and University Medal) from University of NSW. Mr. McLeod also serves as a Director of the Just Group Limited.

Gary H. Weiss LL.M, J.S.D.

Dr. Weiss holds the degrees of LL.B (Hons) and LL.M (with dist.) from Victoria University of Wellington, as well as a Doctor of Juridical Science (J.S.D.) from Cornell University, New York. Dr Weiss has extensive international business experience and has been involved in numerous cross-border mergers and acquisitions.

Dr Weiss is Chairman of Coats Plc and Secure Parking Pty Ltd, Executive Director of Ariadne Australia Ltd, and a director of Premier Investments Limited, Ridley Corporation Ltd and Victor Chang Cardiac Research Institute. He was executive director of Guinness Peat Group Plc from 1990 to April 2011 and has held directorships of numerous companies, including Westfield Group, Tower Australia Ltd, Australian Wealth Management Limited, Tyndall Australia Ltd (Deputy Chairman), Joe White Maltings Ltd (Chairman), CIC Ltd, Whitlam Turnbull & Co Ltd and Industrial Equity Ltd.

He has authored numerous articles on a variety of legal and commercial topics.

Strategic Review

Premier Retail

In July 2011, Mark McInnes, CEO Premier Retail, outlined a strategic review of Premier's retail assets and opportunities. The review highlighted the unique strengths within the Just Group's platform and a broad range of opportunities for Premier Retail.

The review identified six key EBIT performance initiatives for the Just Group:

	Focus Area	Status	
1	Rejuvenate and reinvigorate all five core apparel brands.	✓	Specific opportunities have been identified across each of the Just Group's five core apparel brands. We are investing in people, capital and marketing to reinvigorate our brands.
2	Organisation-wide cost efficiency program.	✓	The Just Group has implemented a 100 Point project plan that focuses on offsetting all price increases without impacting customers. The plan has been accelerated to deal with the current challenging retail conditions.
3	Two phase gross margin expansion program.	✓	In FY12, The Just Group is focussing on better sourcing, reduced inventory levels and mark-downs and better performance from factory outlets. Long term, The Just Group is targeting gross margin expansion.
4	Expand and grow the internet business.	✓	The internet is already Just Group's largest store, with Peter Alexander having a long established and strong online business. The Just Group's brands are proprietary to it, creating opportunities to leverage and expand the Just Group's unique social networking reach of 1 million customers. All Just Group brands and products are now sold online giving us a strong multi-channel platform.
5	Grow Peter Alexander significantly.	✓	Peter Alexander is a high value brand with significant growth potential. We have 15-30 new stores planned for Australia and New Zealand over the next three years.
6	Grow Smiggle significantly.	✓	Smiggle is a unique brand in a highly attractive market, but it is underrepresented in Australia and New Zealand. Over the next three years, we plan to open 30-50 new stores. In addition, following a successful launch of Smiggle in Singapore, 12-20 new stores are planned for Singapore over the next two years. Additional opportunities exist to expand Smiggle in Asia and beyond over the medium term.

As part of the Strategic Review, we also identified three areas of opportunity for Premier Investments to grow its retail business. These opportunities are:

1. Build or acquire new brands in the retail market that are unique and that can be rolled out using the Just Group platform
2. Opportunistic acquisitions where the unique combination of Premier's balance sheet and the Just Group's management can provide material shareholder growth
3. Rapid international expansion of Smiggle following the success of Singapore

Brand Performance

Just Jeans

In FY11, Just Jeans continued its strong performance under Kathy Cocovski. Whilst retail sales were down 1.2%*, the business continued to outperform its peers. We will continue to invest in the brand to reinforce our position in the market as the original denim specialist.

JayJays

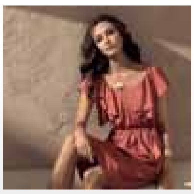
Jay Jays had a disappointing 2011, with sales down 8.5%*. We moved swiftly to appoint Deanna Moylan as the new Group General Manager for Jay Jays. Deanna joined us on the 1st of July and has an excellent track record of reinvigorating youth brands in the Australian market. Her specific focus is to review the product offer and the sourcing of this product, to give us a point of difference, a competitive edge and increased margins.

dotti

Whilst Dotti's overall sales were up 5.2%* in FY2011, our LFL sales were down. To ensure we move as quickly as possible to rebuild the performance of the brand, David Bull our most senior merchandise executive was appointed Group General Manager of Dotti. David has an excellent track record of performance in the Just Group and we are confident in his ability to turn the brand around.

portmans

Portmans has continued its reinvigoration in FY11. Portmans sales were up 3.6%* in FY11 and outperformed the market. We are expecting Portmans to be profitable in 2012. Jade Holgate has been appointed Group General Manager of Portmans. Jade was the Merchandise Manager responsible for the Portmans product reinvigoration and is a good example of talent being recognised in our company.



JACQUI·E

Jacqui E had a disappointing FY11. In response, Karen Russell was appointed Group General Manager of Jacqui E on the 1st of August. Karen has a proven track record of business success over two decades within the women's apparel market. Her priority is to review the brand and the product offer to its customer.

peteralexander

Peter Alexander has continued its excellent performance led by our Group General Manager, Julie Otter. Our total sales in FY11 were up 21.8%*. We have a unique opportunity for growth in Peter Alexander within the next three years. We are planning new store roll-out of 15-30 stores across Australia and New Zealand, with the opportunity to trial our business in Asia.

smiggle®

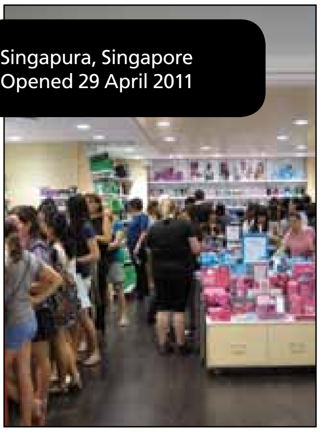
Smiggle, led by Tom Kimberley, achieved outstanding growth in FY11 of 20.3%*. Smiggle is a high value brand in a sizeable market with unique expansion opportunities. We plan to grow our Australian and New Zealand business by 30-50 stores over the next three years. Our early Singapore success has been exceptional and we plan to open 12-20 stores over the next two years. The success of Smiggle Singapore has given us great confidence for our continued Asian expansion.

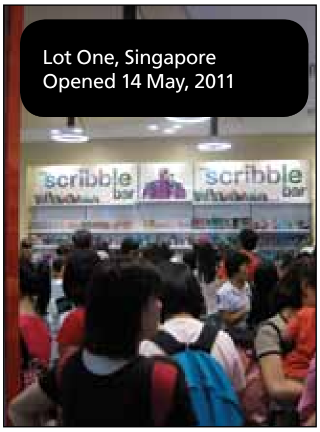
* LY Sales adjusted to same 52 weeks

Smiggle

During FY2011, we opened 10 Smiggle stores in Australia and New Zealand, and 2 in Singapore.

In the first half of FY2012, we will open an additional 5 stores in Singapore. The international success of Smiggle Singapore gives us great confidence in our Asian expansion strategy.


Singapura, Singapore
Opened 29 April 2011



Lot One, Singapore
Opened 14 May, 2011

Bugis Junction, Singapore
Opened 30 August, 2011

Somerset @ 313, Singapore
Opening October, 2011

Batemans Bay, NSW
Opened 26 August 2010

Henderson, NZ
Opened 21 October 2010


New Plymouth, NZ
Opened 27 November 2010

Claremont, WA
Opened 16 February, 2011


Wagga Wagga, NSW
Opened 16 April, 2011

Premier Investments Limited
A.C.N. 006 727 966

Financial Report

For the Period
1 August 2010 to 30 July 2011

Contents

DIRECTORS' REPORT

The Board of Directors of Premier Investments Limited (A.C.N. 006 727 966) has pleasure in submitting its report in respect of the financial period ended 30 July 2011.

The directors present their report together with the consolidated financial report of Premier Investments Limited (the "Company") and its controlled entities for the period 1 August 2010 to 30 July 2011, together with the independent audit report to the members thereon.

DIRECTORS

The names and details of the Company's directors in office during the financial period and until the date of the report are as follows. Directors were in office for this entire period unless otherwise stated.

Solomon Lew ***Chairman and Non-Executive Director***

Mr. Lew was appointed a non-executive director and Chairman of Premier on 31 March 2008. For many years, Mr. Lew has been a director of Century Plaza Investments Pty. Ltd., the largest shareholder in Premier and was previously Chairman of Premier from 1987 to 1994.

Mr. Lew has over 40 years experience in the manufacture, importation, wholesaling and retailing of textiles, apparel and general merchandise. Mr. Lew's success in the clothing industry has been largely due to his ability to read fashion trends and interpret them in the Australian market and to efficiently and cost-effectively produce quality garments. Property development and the acquisition and disposal of equity investments have proven to be a profitable and consistent activity for Mr. Lew's family entities. He has, through those family entities, made a number of investments in publicly listed companies over the years, including investments in Coles Myer Limited, Colorado Group Limited and Country Road Limited to name a few. Where these investments have been sold, it has resulted in substantial profits.

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Clark Australia Limited), a large asset manager, and he has experience as an advisor to companies and government. He holds a Bachelor of Arts (First Class Honours and University Medal) from University of NSW. Mr. McLeod also serves as a Director of the Just Group Limited.

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He has authored numerous articles on a variety of legal and commercial topics.

COMPANY SECRETARY

Kim F. Davis*, Non-Executive Alternate Director*

Mr. Davis was appointed as Alternate Director on the 10 July 2008 for Mr. Jones. Mr. Davis has been the Company Secretary of Premier Investments Limited for 17 years. Prior to holding this position, Mr Davis had 15 years experience within the accounting industry as a tax and financial advisor.

PRINCIPAL ACTIVITIES

The consolidated entity operates a number of specialty retail fashion chains within the specialty retail fashion markets in Australia, New Zealand and via a joint venture entity in South Africa. The Group also has significant investments in listed securities and money market deposits.

DIVIDENDS

	CENTS	$'000
Final Dividend recommended for 2011	18.00	27,906
Dividends paid in the year: Interim for the half-year	18.00	27,906
Final for 2010 shown as recommended in the 2010 report	28.00	43,408

OPERATING AND FINANCIAL REVIEW

Group Overview:

The Company acquired a controlling interest in Just Group Limited the ("Just Group"), a listed company on the Australian Securities Exchange in August 2008. Just Group is a leading speciality fashion retailer in Australia and New Zealand, and operates in South Africa through a joint venture. The Just Group has expanded its Smiggle brand into Singapore with the opening of 2 stores during the 2011 financial year. It has a portfolio of well-recognised retail brands, offering latest fashion at value price points. There are currently seven unique brands trading from more than 1,000 stores throughout 4 countries. The emphasis is on a range of brands that provide diversification through breadth of target demographic and sufficiently broad appeal to enable a national footprint. Over 90% of product range is designed, sourced and sold under its own brands. There is a continuing investment in these brands to ensure they remain relevant to changing customer tastes and remain at the forefront of their respective target markets.

Operating Results:

The Group's net profit after income tax for the 2011 financial year was $40,517,000 (2010: $79,633,000), which reflects a 49.1% decrease compared to last year. As Premier's core business, the Just Group was the key contributor to the Group's operating results for the year. In addition to Just Group the other contributors to the financial performance of the Group were interest earned from cash on deposit and dividends received from investments in listed securities.

GROUP PERFORMANCE

The Group is pleased to report that despite tough economic conditions, the company continued to generate strong returns to shareholders. The dividends declared for the year reaffirm the confidence the directors have in the future performance and underline Premier's commitment to enhancing shareholder value through capital management and business investment.

	2011	2010	2009	2008	2007
Basic earnings per share (cents)	26.13	52.78	62.44	46.33	716.39
Dividend paid per share (cents)	36.0	66.0	75.0	29.0	18.0
Return on equity (%)	3.39%	6.57%	7.17%	5.16%	78.41%
Net debt/equity ratio (%)	(14.58)%	(17.81)%	(20.18)%	(97.6)%	54.23%

DIRECTORS' REPORT
(CONTINUED)

SHARES ISSUED DURING THE FINANCIAL YEAR

Shares were issued on 4 April 2011 pursuant to Group's Performance Rights Plan at a price of $6.10. A total of 32,786 ordinary shares were issued pursuant to the Performance Rights Plan.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 July 2011.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 22 September 2011, the directors of Premier Investments Limited declared a final dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is $27,906,000 and is a fully franked dividend. The dividend has not been provided for in the 30 July 2011 financial statements.

Subsequent to year-end, the Just Group Limited finance facilities have been extended to 31 October 2012, with some revisions to the method by which certain financial undertakings are measured.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Certain likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to the period ended 30 July 2011 are referred to in the preceding operating and financial review. No additional information is included on the likely developments in the operations of the economic entity and the expected results of those operations as the directors reasonably believe that the disclosure of such information would be likely to result in unreasonable prejudice to the economic entity if included in this report, and it has therefore been excluded in accordance with section 299(3) of the *Corporations Act 2001*.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any significant environmental obligations or regulations.

SHARE OPTIONS

Unissued Shares:

As at the date of this report, there were 1,735,032 unissued ordinary shares under options/performance rights (1,767,890 at the reporting date). Refer to the remuneration report for further details of the options outstanding.

Shares Issued as a Result of the Exercise of Options:

During the financial year and to the date of this report, Executives have exercised rights to acquire 32,786 fully paid ordinary shares in Premier Investments Limited at a weighted average price of $6.10 per share.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

To the extent permitted by law, the company indemnifies every person who is or has been a director or officer of the company or of a wholly-owned subsidiary of the company against liability for damages awarded or judgments entered against them and legal defence costs and expenses, arising out of a wrongful act, incurred by that person whilst acting in their capacity as a director or officer provided there has been no admission, or judgment, award or other finding by a court, tribunal or arbitrator which establishes improper use of position, or committing of any criminal, dishonest, fraudulent or malicious act.

The officers include the directors, as named earlier in this report, the company secretary and other officers, being the executive senior management team. Details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors, and officers, liability insurance contracts are not disclosed as such disclosure is prohibited under the terms of the contracts.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

At the date of this report, the interests of the directors in the shares and options of the company were:

S. Lew	4,437,699 ordinary shares**
L.E. Fox	5,577,014 ordinary shares
F.W. Jones	192,592 ordinary shares
M.R.I. McLeod	28,186 ordinary shares
H.D. Lanzer	27,665 ordinary shares
G. H. Weiss	10,000 ordinary shares

**Mr. Lew is an associate of Century Plaza Investments Pty. Ltd., Playcorp Pty. Ltd and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 60,358,044 shares in the company. However, Mr. Lew does not have a relevant interest in the shares in the company held by the Associated Entities.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors during the financial year, and the number of meetings attended by each director were as follows:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR
Mr S Lew	9	9	-	-	1	1
Mr F W Jones	9	9	3	3	-	-
Mr L E Fox	9	9	-	-	-	-
Mr H D Lanzer	9	9	-	-	1	1
Mr M R I McLeod	9	9	-	-	-	-
Dr G H Weiss	9	9	3	3	1	1
Dr D Crean	9	9	3	3	-	-
Mr T Antonie	9	9	-	-	-	-

ROUNDING

The company is a company of the kind specified in Australian Securities and Investment Commission's class order 98/0100. In accordance with that class order amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 18 from the auditor of Premier Investments Limited.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The nature and scope of each type of non-audit service provided means that independence was not compromised.

Details of non-audit services provided by the entity's auditor, Ernst & Young, can be found in Note 25 of the Financial Report.

REMUNERATION REPORT (AUDITED)

This report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308 (3C) of the Act. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the chief executive, senior executives, general managers and secretaries of the Group.

DETAILS OF KEY MANAGEMENT PERSONNEL (INCLUDING THE FIVE HIGHEST EXECUTIVES OF THE GROUP)

(i) Directors

Mr. S. Lew	Chairman and Non-Executive Director
Mr. F.W. Jones	Deputy Chairman and Non-Executive Director
Mr. T. Antonie	Non-Executive Director
Dr. D. Crean	Non-Executive Director
Mr. L.E. Fox	Non-Executive Director
Mr. H.D. Lanzer	Non-Executive Director
Mr. M.R.I. McLeod	Non-Executive Director
Dr. G.H. Weiss	Non-Executive Director

(ii) Executives

Mr. M. McInnes	Chief Executive Officer Premier Retail (appointed 4 April 2011)
Mr. K.F. Davis	Company Secretary and Non-Executive Alternate Director
Mr. J. Murray	Managing Director, Just Group Limited (ceased 31 March 2011)
Ms. G. Shearer	Director - Jacqui E, Smiggle and New Zealand (ceased 31 January 2011)
Mr. D. Bull	Director - Portmans and Dotti
Mr. A. Gardner	Chief Financial Officer, Just Group Limited

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee of the Board of Directors of the Group is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The remuneration and nomination committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION PHILOSOPHY

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives. This is reflected by the Group's remuneration framework which provides competitive rewards to attract high calibre executives.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 25 November 2008 when shareholders approved an aggregate remuneration of an amount not exceeding $1,000,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among directors is reviewed annually.

EXECUTIVE REMUNERATION

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company by:

- rewarding executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- aligning the interests of executives to those of shareholders;
- linking reward with the strategic goals and performance of the Group; and
- ensuring total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration the remuneration and nomination committee periodically engages an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles. This provides input to the Committee, which after feedback from management makes its recommendations to the Board.

It is the Committee's policy that service agreements are entered into with the Board by Directors and Executives.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Short-Term Incentives (STI)
- Long-Term Incentives (LTI)

REMUNERATION REPORT (AUDITED) (CONTINUED)

- Discretionary bonuses

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each executive is set out on pages 13 and 14 of this report.

FIXED REMUNERATION

Objective

Fixed remuneration is reviewed annually by the committee. The process consists of a review of Group, business unit and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. As noted above, the committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of executives is detailed on pages 13 and 14.

SHORT-TERM INCENTIVE (STI)

Objective

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executives to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The 2011 STI is based as a number of individual KPI's and growth in EBIT.

The 2010 STI was based on based on a number of individual KPI's and growth in Capital Adjusted Return (CAR) (being Group EBITA less a capital charge).

DISCRETIONARY BONUSES

Bonuses are payable at the discretion of the board of directors upon the recommendation of the committee. These discretionary bonuses can be paid by way of cash or performance rights.

LONG-TERM INCENTIVE (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner aligned with the creation of shareholder wealth.

Structure

LTI grants to executives are delivered in the form of performance rights, through the Group's Performance Rights Plan ("PRP").

The PRP provides a remuneration element designed to attract and retain key senior executives and employees and link rewards with the Group's long-term performance and maximisation of shareholder wealth.

REMUNERATION REPORT (AUDITED) (CONTINUED)

The initial grant under the PRP to senior executives was made on 26 June 2009. During the current financial period, grants were made on 22 November 2010 and 10 May 2011. All offers are made subject to the terms of the PRP rules, which confer various powers to the board to add to or vary any of the plan rules, subject to the requirements of the Australian Securities Exchange.

An offer under the PRP grants an individual the right to a certain number of ordinary shares in the company. This right may vest and be convertible into shares, conditional on the satisfaction of the 'Total Shareholder Return' (TSR) performance condition and that the TSR is positive.

The Group uses relative Total Shareholder Return (TSR) as the performance hurdle for the long-term incentive plan. TSR is the return to shareholders provided by share price appreciation plus reinvested dividends, expressed as a percentage of investment.

The use of a relative TSR-based hurdle is widely considered market best practice as it ensures an alignment between comparative shareholder return and reward for executives. The Group receives an independent assessment of whether the performance criteria are met.

The historical data concerning the performance of the Group in respect of the 2011 financial period and the four previous financial periods is set out in page 5 under the heading 'Group Performance'. As the testing date had not, by the end of the 2011 financial period, arisen in respect of any performance rights granted under the PRP, the TSR performance condition had not been tested.

The actual number of shares, if any, provided to participants will depend on the extent to which the performance condition has been met. It is possible for each participant to be allocated either no shares (if the performance condition is not met) or anywhere between 25% and 100% of their initial offered amount, depending on the level of achievement against the performance condition as detailed below.

Target	Conversion ratio of rights to shares available to vest under the TSR Performance Condition
0% to <50%	0%
50%	25%
>50% to <62.5%	Pro Rata
62.5%	50%
>62.5% to <75%	Pro Rata
>=75%	100%

Generally the rights are eligible to vest three years from the date of the grant. The performance rights issued on 10 May 2011 to Mr Mark McInnes are eligible to vest in three tranches, on 4 April 2014, 4 April 2015 and 4 April 2016. Any rights which do not vest may be retested once, 12 months after the vesting date. Once allocated, disposal of performance shares is subject to restrictions whereby board approval is required to sell shares granted within 7 years under this plan. An unvested performance right will lapse if it fails to meet the TSR performance condition over the prescribed period. Holders of performance rights are not entitled to vote or receive dividends or other distributions.

Generally, all outstanding unvested rights are forfeited upon an executive resigning from the company. In the event of Mr. McInnes resigning such that his contractual notice period would expire within a 14 day period prior to a particular vesting date, those performance rights issued on 10 May 2011 to Mr. McInnes which would have been eligible to vest on that vesting date will be unaffected by the resignation. All other outstanding unvested rights are forfeited.

Executives are prohibited from entering into transactions to hedge or limit the economic risk of the securities allocated to them under the PRP, either before vesting or after vesting while the securities are held subject to

REMUNERATION REPORT (AUDITED) (CONTINUED)

restriction. Executives are only able to hedge securities that have vested and continue to be subject to a trading restriction and a seven-year lock, with the prior consent of the board.

No employees have any hedging arrangements in place.

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each element of compensation for services for key management personnel and executives of the Group for the financial year are as follows:

2011	Salary/Fee	Short term Cash Bonus	Non-Monetary Benefits	Post employment Superannuation	Termination	Share based Long-term incentives	Total	Performance related
	$	$	$	$	$	$	$	%
Non-executive directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. F. W. Jones	120,000	-	-	-	-	-	120,000	-
Mr. L. E. Fox	73,395	-	-	6,605	-	-	80,000	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. M. R. I. McLeod	73,395	-	-	6,605	-	-	80,000	-
Dr. G. H. Weiss	73,395	-	-	6,605	-	-	80,000	-
Dr. D. Crean	110,092	-	-	9,908	-	-	120,000	-
Mr. T. Antonie	73,395	-	-	6,605	-	-	80,000	-
Total non-executive directors	603,672	-	-	36,328	-	-	640,000	
Key management personnel								
Mr. M. McInnes[2]	636,389	-	77,300	6,250	-	160,986	880,925	18.27
Mr. K. F. Davis	384,801	70,000	-	45,199	-	-	500,000	20.00
Mr. J. Murray[3]	555,326	-	86,143	22,678	1,045,930	(64,097)	1,645,980	(3.89)
Other executives								
Ms. G. Shearer[4]	226,966	-	5,593	21,261	329,797	(17,105)	566,512	(3.02)
Mr. D. Bull	466,606	-	5,704	42,937	-	79,475	594,722	13.36
Mr. A. Gardner	368,836	180,000	41,319	17,011	-	157,363	764,529	44.12
Total executive	2,638,924	250,000	216,059	155,336	1,375,727	316,622	4,952,668	
TOTAL 2011	3,242,596	250,000	216,059	191,664	1,375,727	316,622	5,592,668	

1 Mr Lanzer's director's fees were paid to Arnold Bloch Leibler 2 Appointed 4 April 2011 3 Ceased 31 March 2011 4 Ceased 31 January 2011 5 Appointed 1 September 2009

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2010	Salary/Fee	Short term Cash Bonus	Non-Monetary Benefits	Post employment Superannuation	Termination	Share based Long-term incentives	Total	Performance related
	$	$	$	$	$	$	$	%
Non-executive directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. F. W. Jones	120,000	-	-	-	-	-	120,000	-
Mr. L. E. Fox	73,395	-	-	6,605	-	-	80,000	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. M. R. I. McLeod	73,395	-	-	6,605	-	-	80,000	-
Dr. G. H. Weiss	73,395	-	-	6,605	-	-	80,000	-
Dr. D. Crean[5]	48,929	-	-	4,403	-	-	53,332	-
Mr. T. Antonie[5]	48,929	-	-	4,403	-	-	53,332	-
Total non-executive directors	518,043	-	-	28,621	-	-	546,664	
Key management personnel								
Mr. K. F. Davis	345,440	100,000	-	13,316	-	-	458,756	21.80
Mr. J. Murray[3]	851,205	90,000	34,334	14,456	-	189,132	1,179,127	23.67
Other executives								
Ms. G. Shearer[4]	464,879	103,000	398	49,723	-	13,516	631,516	18.45
Mr. D. Bull	462,196	38,627	9,945	42,493	-	38,374	591,635	13.01
Mr. A. Gardner	366,897	45,000	62,364	15,461	-	113,069	602791	26.22
Total executive	2,490,617	376,627	107,041	135,449	-	354,091	3,463,825	
TOTAL 2010	3,008,660	376,627	107,041	164,070	-	354,091	4,010,489	

1 Mr Lanzer's director's fees were paid to Arnold Bloch Leibler 2 Appointed 4 April 2011 3 Ceased 31 March 2011 4 Ceased 31 January 2011 5 Appointed 1 September 2009

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Rights awarded and vested during the year (Consolidated):

2011	Rights awarded during the year No.	Award date	Fair value per right at award date $	Expiry date	First exercise date	Last exercise date	Rights vested during the year No.	Rights vested during the year %
		Terms and conditions for each Grant during the year						
Key management personnel								
Mr. M. McInnes	1,200,000	10-May-2011	3.00	04-Apr-2016	04-Apr-2014	04-Apr-2016	-	-
Mr. J. Murray	187,761	22-Nov- 2010	3.60	01-Oct-2014	01-Oct-2013	01-Oct-2014	16,393	100
Other executives								
Mr. D. Bull	72,323	22-Nov- 2010	3.60	01-Oct-2014	01-Oct-2013	01-Oct-2014	-	-
Mr. A. Gardner	62,587	22-Nov- 2010	3.60	01-Oct-2014	01-Oct-2013	01-Oct-2014	16,393	100

REMUNERATION REPORT (AUDITED) (CONTINUED)

Value of options awarded, exercised and lapsed during the year

2011	Value of rights granted during the year $	Value of rights exercised during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
Key management personnel				
Mr. M. McInnes	3,600,000	-	-	18.27
Mr. J. Murray	675,940	104,096	3,957,364	(3.89)
Other executives				
Ms. G. Shearer	-	-	381,004	(3.02)
Mr. D. Bull	260,363	-	-	13.36
Mr. A. Gardner	225,313	104,096	-	20.58

There were no alterations to the terms and conditions of rights awarded as remuneration since their award date.

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel and other executives are formalised in written service agreements (with the exception of Mr. Kim Davis, whose relevant terms of employment are set out below). Major provisions of the agreements are set out below:

	Start date	Term of agreement	Review period	Period of written notice required from the company	Termination benefits Upon company initiated	Termination benefits Upon diminution of role	Period of written notice required from employee
M. McInnes	04-Apr-2011	Open	Annual	12 mths	12 mths TFR including notice	Nil	6 mths (in first 12 mths of employment) 12 mths thereafter
J. Murray	28-July-2003	Open	Annual	12 mths	12 mths TFR including notice	Nil	6 mths
K. Davis	17-Nov-1993	Open	Annual	3 mths	Nil	Nil	3mths
G. Shearer	29-Nov-1982	Open	Annual	3 mths	12 mths TFR including notice	12 mths TFR including notice	3 mths
D. Bull	01-Aug-2006	Open	Annual	3 mths	3 mths TFR including notice	Nil	3 mths
A. Gardner	02-Jan-2007	Open	Annual	3 mths	3 mths TFR including notice	12 mths TFR including notice	3 mths

DIRECTORS' REPORT
(CONTINUED)

AUDITOR INDEPENDENCE

A copy of the Auditor's Independence Declaration in relation to the audit for the financial year is provided on page 18 of this report.

Signed in accordance with a resolution of the board of directors.

Solomon Lew
Chairman
12th October 2011

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

In relation to our audit of the financial report of Premier Investments Limited for the financial year ended 30 July 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Glenn Carmody
Partner
12 October 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 30 JULY 2011 AND 53 WEEKS ENDED 31 JULY 2010

		CONSOLIDATED	
	NOTES	2011 $'000	2010 $'000
Continuing operations			
Revenue from sale of goods	4	875,610	878,494
Other revenue	4	22,592	18,016
Total revenue		898,202	896,510
Other income	4	7,813	7,646
Total income		906,015	904,156
Changes in inventories of finished goods and work in progress and raw materials used		(354,508)	(359,421)
Employee expenses		(205,722)	(196,851)
Operating lease rental expense	5	(177,529)	(168,386)
Depreciation, impairment and amortisation	5	(21,733)	(19,829)
Advertising and direct marketing		(13,462)	(12,131)
Finance costs	5	(9,614)	(7,869)
Strategic review costs	5	(15,771)	-
Other expenses		(51,278)	(50,786)
Total expenses		(849,617)	(815,273)
Share of profit of an associate	14	1,178	492
Profit from continuing operations before income tax		57,576	89,375
Income tax expense	6	(17,059)	(9,742)
Net profit for the period attributable to owners		**40,517**	**79,633**
Other comprehensive income			
Net fair value gains on available for sale financial assets	20	31,780	42,071
Cash flow hedges	20	(15,181)	2,003
Foreign currency translation	20	(214)	217
Income tax on items of other comprehensive income	20	(4,928)	(11,891)
Other comprehensive income for the period, net of tax		**11,457**	**32,400**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**51,974**	**112,033**
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)	32	26.13	52.78
- diluted for profit for the year (cents per share)	32	25.92	52.53
- basic for profit from continuing operations (cents per share)	32	26.13	52.78
- diluted for profit from continuing operations (cents per share)	32	25.92	52.53

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JULY 2011 AND 31 JULY 2010

		CONSOLIDATED	
	NOTES	2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	27	307,808	316,644
Trade and other receivables	8	6,066	8,303
Inventories	9	73,399	71,739
Derivative financial instruments	31	-	1,433
Income tax receivable		3,829	5,047
Other current assets	10	3,140	3,550
Total current assets		394,242	406,716
Non-current assets			
Trade and other receivables	8	2,360	2,632
Available-for-sale financial assets	11	104,547	72,767
Plant and equipment	12	84,777	91,210
Intangible assets	13	854,480	854,173
Deferred tax assets	6	19,808	14,412
Investment in an associate	14	1,754	799
Derivative financial instruments	31	-	92
Total non-current assets		1,067,726	1,036,085
TOTAL ASSETS		1,461,968	1,442,801
LIABILITIES			
Current liabilities			
Trade and other payables	15	46,306	54,412
Interest-bearing liabilities	16	133,784	155
Derivative financial instruments	31	14,829	772
Provisions	17	25,613	15,639
Other current liabilities	18	6,293	24,367
Total current liabilities		226,825	95,345
Non-current liabilities			
Interest-bearing liabilities	16	6	100,542
Deferred tax liabilities	6	28,516	18,924
Provisions	17	1,187	1,188
Derivative financial instruments	31	636	4
Other	18	11,060	14,303
Total non-current liabilities		41,405	134,961
TOTAL LIABILITIES		268,230	230,306
NET ASSETS		1,193,738	1,212,495
EQUITY			
Contributed equity	19	608,615	608,615
Reserves	20	39,578	27,533
Retained earnings	21	545,545	576,347
TOTAL EQUITY		1,193,738	1,212,495

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

STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 30 JULY 2011 AND 53 WEEKS ENDED 31 JULY 2010

	NOTES	CONSOLIDATED 2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		975,030	973,031
Payments to suppliers and employees (inclusive of GST)		(900,568)	(881,752)
Dividends received		4,853	2,492
Interest received		16,679	14,627
Borrowing costs paid		(8, 805)	(7,788)
Income taxes paid		(16,150)	(25,993)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27(b)	71,039	74,617
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for available-for-sale financial investments		-	(2,042)
Payment for settlement of Smiggle deferred payment		(18,398)	-
Payment for trademarks		(237)	(454)
Proceeds from sale of plant and equipment		19	-
Payment for property, equipment and leasehold premiums		(22,768)	(34,814)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(41,384)	(37,310)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(71,319)	(53,604)
Proceeds from borrowings		70,500	64,000
Repayment of borrowings		(37,500)	(59,000)
Transaction costs on issue of shares under DRP		-	(350)
Payment of finance lease liabilities		(172)	(203)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(38,491)	(49,157)
NET DECREASE IN CASH HELD		(8,836)	(11,850)
Cash at the beginning of the financial period		316,644	328,494
CASH AT THE END OF THE FINANCIAL PERIOD	27(a)	307,808	316,644

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

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 30 JULY 2011 AND 53 WEEKS ENDED 31 JULY 2010

CONSOLIDATED								
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	FAIR VALUE RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 1 August 2010	608,615	464	211	(139)	228	26,769	576,347	1,212,495
Net Profit for the period	-	-	-	-	-	-	40,517	40,517
Other comprehensive income	-	-	-	(10,628)	(214)	22,299	-	11,457
Total comprehensive income for the period	-	-	-	(10,628)	(214)	22,299	40,517	51,974
Transactions with owners in their capacity as owners								
Performance rights issued	-	-	588	-	-	-	-	588
Dividends Paid	-	-	-	-	-	-	(71,319)	(71,319)
Balance as at 30 July 2011	608,615	464	799	(10,767)	14	49,068	545,545	1,193,738
At 26 July 2009	549,208	464	22	(1,552)	11	(4,001)	609,875	1,154,027
Net Profit for the period	-	-	-	-	-	-	79,633	79,633
Other comprehensive income	-	-	-	1,413	217	30,770	-	32,400
Total comprehensive income for the period	-	-	-	1,413	217	30,770	79,633	112,033
Transactions with owners in their capacity as owners:								
Shares issued under dividend reinvestment plan	59,557	-	-	-	-	-	(59,557)	-
Transaction costs	(350)	-	-	-	-	-	-	(350)
Performance rights issued	-	-	389	-	-	-	-	389
Shares issued under performance rights plan	200	-	(200)	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	(53,604)	(53,604)
Balance as at 31 July 2010	608,615	464	211	(139)	228	26,769	576,347	1,212,495

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JULY 2011 AND 53 WEEKS ENDED 31 JULY 2010

1 CORPORATE INFORMATION

The financial report of Premier Investments Limited for the 52 weeks ended 30 July 2011 was authorised for issue in accordance with a resolution of the directors on 16 September 2011.

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

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report is prepared for the 52 weeks beginning 1 August 2010 to 30 July 2011.

(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 derivative financial instruments and available-for-sale investments, which have been measured at fair value.

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

(b) STATEMENT OF COMPLIANCE

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

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policies and disclosures

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

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 August 2010.

(i) AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process

(ii) AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

(iii) AASB Interpretation 19 Extinguishing Liabilities with Equity Instruments

Application of these Standards has not had any material effect on the amounts reported in the financial statements, but may affect the accounting for future transactions or arrangements.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards and Interpretations issued but not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the group in the period of initial application. They have been issued and are available for early adoption at 30 July 2011, but have not been applied in preparing this financial report.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments (December 2010), AASB 2009-11 Amendments to Australian Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9	A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 *Financial Instruments: Recognition and Measurement*. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss. In these cases, the gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	1 January 2013	The Group has not yet determined the potential effects of the standard. Retrospective application is generally required.	27 July 2013
AASB 1054	Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. The standard relocates all Australian specific disclosures from other standards to one place and revises certain disclosures to other areas.	1 July 2011	The Group has not yet determined the potential effects of the standard.	28 July 2012
AASB 124	Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards	Simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from disclosure requirement for government related entities.	1 January 2011	When the amendments are applied, the Group and Parent will need to disclose any transactions between its subsidiaries. However, it has yet to put systems into place to capture the necessary information. Therefore it is not possible to disclose the financial impact, if any, of the amendment to related party disclosure.	28 July 2012

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group
AASB 2010-4	Further improvements to the Australian Accounting Standards arising from the Annual Improvements Project	Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements. Key amendments include the clarification of content of the statement of changes in equity (AASB101), financial instrument disclosures (AASB 7) and significant events and transactions in interim reports (AASB 134).	1 January 2011	The amendments are not expected to have a significant impact on the financial statements.	28 July 2012
AASB 2010-5	Amendments to Australian Accounting Standards	Numerous editorial amendments to a range of Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	The amendments are not expected to have a significant impact on the financial statements.	28 July 2012

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

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liability, 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 these estimated under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

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

(i) Significant accounting judgements

Recovery of deferred tax assets

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Classification of assets and liabilities as held for sale

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

Taxation

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Significant accounting estimates and assumptions

Estimated impairment of goodwill and intangibles with indefinite useful lives

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined at grant date using the Black-Scholes Model taking into account the terms and conditions upon which the instruments were granted. The related assumptions are detailed in note 29.

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 5.

Valuation of Investments

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restructuring provisions as a result of the strategic review

The Group's strategic review resulted in restructuring provisions in which significant 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.

(i) Redundancy provisions

A redundancy provision is recognised when the Group has developed a detailed formal plan and has raised a valid expectation in those affected that it will carry out the plan by implementation or announcing its main features to those affected by it.

(ii) Onerous lease provisions

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

(e) BASIS OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited (the parent entity) and its subsidiaries ('the Group') as at the end of each financial year. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities as at the end of the financial year.

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

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

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

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2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) BASIS OF CONSOLIDATION (CONTINUED)

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

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

(f) OPERATING SEGMENTS

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

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

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

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

(g) FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) CASH AND CASH EQUIVALENTS

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

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

(i) TRADE AND OTHER RECEIVABLES

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

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

(j) INVENTORIES

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

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

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

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

(k) PLANT AND EQUIPMENT

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) PLANT AND EQUIPMENT (CONTINUED)

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

(l) GOODWILL

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

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

(m) INTANGIBLE ASSETS (excluding goodwill)

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(n) OTHER FINANCIAL ASSETS

(i) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, which are designated as available-for-sale or are not classified as the following category. All available-for-sale investments are initially recognised at cost, being fair value of the consideration given and including acquisition charges associated with the investment.

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

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

(ii) Non-derivative financial assets

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

(o) INVESTMENT IN ASSOCIATE

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) INVESTMENT IN ASSOCIATE (CONTINUED)

Under the equity method, investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. 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 its associate's post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. 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.

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

(p) 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.

(q) 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 45 days.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) INTEREST-BEARING LOANS AND BORROWINGS

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

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

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

(s) PROVISIONS

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

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

(t) RESTRUCTURING PROVISIONS

Restructuring provisions are only recognised when general recognition criteria 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.

(u) 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.

(v) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) EMPLOYEE BENEFITS (CONTINUED)

(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.

(w) DEFERRED INCOME

(i) Lease Incentives

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

(ii) Deferred rent

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

(x) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) REVENUE RECOGNITION (CONTINUED)

(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.

(y) 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.

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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) INCOME TAX (CONTINUED)

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

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

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

Tax consolidation

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

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

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

(z) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

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

Cash flow hedges

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

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

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

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

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

(bb) 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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(cc) 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.

(dd) 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.

(ee) COMPARATIVES

The current reporting period, 1 August 2010 to 30 July 2011, represents 52 weeks and the comparative reporting period is from 26 July 2009 to 31 July 2010 which represents 53 weeks.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ff) 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.

(gg) PARENT ENTITY INFORMATION

The financial information for the parent entity, Premier Investment Ltd, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial instruments comprise cash and short-term deposits, available-for-sale financial assets, derivative financial instruments, receivables, payables, bank overdraft and loans and finance leases.

RISK EXPOSURES AND RESPONSES

The Group manages its exposure to key financial risks in accordance with Board-approved policies which are reviewed annually including, liquidity risk, foreign currency risk, interest rate risk, equity risk and credit risk. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include, monitoring level of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through development of future cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 of the financial statements.

Interest rate risk

The Group's exposure to market interest rates relates primarily to its cash and cash equivalents that it holds and long term debt obligations.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

		CONSOLIDATED	
	NOTES	2011 $'000	2010 $'000
Financial Assets			
Cash	27	307,808	316,644
Other receivables	8	4,066	1,071
		311,874	317,715
Financial Liabilities			
Finance lease liability	23	103	308
Bank loans AUD	16	118,000	85,000
Bank loans (NZD 20.0 million)	16	15,979	16,035
		134,082	101,343
Net Financial Assets		177,792	216,372

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

The Group's objective of managing interest rate risk is to minimise the entity's exposure to fluctuations in interest rates that might impact its interest revenue and cash flow. To manage this risk, the Group locks a portion of the Group's cash and cash equivalents into term deposits. The maturity of term deposits is determined based on the Group's cash flow forecast.

The Group has conducted a sensitivity analysis of the Group's exposure to interest rate risk. The sensitivity analysis below has been determined based on the exposure to interest rates from financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period, holding all other variables constant. A 100 (2010:100) basis point increase and decrease in Australian interest rates represents management's assessment of the possible change in interest rates. A positive number indicates an increase in profit after tax and equity, whilst a negative number indicates a reduction in profit after tax and equity.

	POST-TAX PROFIT HIGHER/(LOWER)		OTHER COMPREHENSIVE INCOME HIGHER/(LOWER)	
Judgements of reasonably possible movements:	2011 $000	2010 $000	2011 $000	2010 $000
CONSOLIDATED				
+1.0% (100 basis points)	1,217	1,509	-	-
-1.0% (100 basis points)	(1,217)	(1,509)	-	-

The movements in profit are due to lower interest cost revenue from variable rates and net cash balances.

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt in Australian and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecasters expectations.
- The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months.
- The effect on other comprehensive income is the effect on the cash flow hedge reserve and/or the available-for-sale reserve.

Equity Price Risk

The Group is exposed to equity price risk through its portfolio of available-for-sale investments. Equity price risk is the risk that the value of the Group's equity investments will fluctuate as a result of changes in market prices and ultimately result in lower returns on investments. The Group's objective of managing price risk is to minimise the entity's exposure to fluctuations in prices by holding its investments for long term capital appreciation. The board monitors the Group's portfolio of available-for-sale investments on a regular basis to minimise exposure to price risk and ensure the portfolio is consistent with the strategic direction of the Group.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Equity Price Risk (Continued)

There has been no change to the Group's exposure to equity price risk or the manner in which it manages and measures its risk in the year ended 30 July 2011.

The Group has conducted a sensitivity analysis of the Group's exposure to equity price risk. The sensitivity analysis below has been determined based on the exposure to price risks from its portfolio of investments at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period, holding all other variables constant. A 25% (2010: 25%) increase and decrease in ASX published share prices represents management's assessment of the possible change in prices. A positive number indicates an increase in equity, whilst a negative number indicates a reduction in equity. There is no sensitivity on profit after tax.

	EQUITY HIGHER/(LOWER)	
Judgements of reasonably possible movements:	2011 $'000	2010 $'000
CONSOLIDATED		
+25% increase in share prices	18,308	12,704
-25% decrease in share prices	(18,308)	(12,704)

The investments on which the sensitivity is shown in the table above are considered not representative of the Group's average price exposure for the year ended 30 July 2011 due to movements in shareholding during the year.

Foreign operations

The Group has operations in New Zealand. As a result, movements in the AUD/NZD exchange rate affect the Group's statement of financial position and results from operations. The Group has obtained New Zealand dollar denominated financing facilities from a financial institution to provide a natural hedge of the Group's exposure to movements in the AUD/NZD on translation of the New Zealand statement of financial position, however the company does not hedge its cash flow exposure to movements in the AUD/NZD.

The Group has an investment and long-term receivables denominated in South African rand (ZAR) arising from its investment in Just Kor Fashion Group (Pty) Ltd. As a result of these transactions, movements in the AUD/ZAR exchange rates can affect the Group's statement of financial position. The Group does not consider this risk to be material and, as such, has not sought to hedge this exposure.

Foreign currency transactions

The Group has exposures to foreign currencies principally arising from purchases by operating entities in currencies other than the functional currency. Approximately 60% of the Group's purchases are denominated in USD, which is not the functional currency of the Australian and New Zealand operating entities.

The Group considers its exposure to USD arising from the purchases of inventory to be a long-term and ongoing exposure.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign Currency Transactions (Continued)

As such, the Group's foreign currency risk management policy provides guidelines for the term over which foreign currency hedging will be undertaken for part or all of the risk. This term cannot exceed two years. Factors taken into account include:

- the implied market volatility for the currency exposure being hedged and the cost of hedging, relative to long-term indicators;
- the level of the AUD and NZD against the currency risk being hedged, relative to long-term indicators;
- the company's strategic decision-making horizon; and
- other factors considered relevant by the board.

The policy requires periodic reporting to the Audit and Risk Committee, and its application is subject to oversight from the Chairman of the Audit and Risk Committee. The policy allows the use of forward exchange contracts and foreign currency options.

At reporting date, the Group had the following exposures to movements in the United States Dollar, Singapore Dollar and South African Rand:

	USD EXPOSURE		***SGD EXPOSURE***		***ZAR EXPOSURE***	
	CONSOLIDATED		CONSOLIDATED		CONSOLIDATED	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
FINANCIAL ASSETS						
Cash and cash equivalents	4	5	759	-	-	-
Trade and other receivables	30	37	-	-	3,415	3,431
Derivative financial assets (cash flow hedges)	-	1,525	-	-	-	-
	34	1,567	759	-	3,415	3,431
FINANCIAL LIABILITIES						
Trade and other payables	(13,901)	(18,158)	-	-	-	-
Derivative financial liabilities (cash flow hedges)	(15,465)	(776)	-	-	-	-
	(29,366)	(18,934)	-	-	-	-
Net exposure	(29,332)	(17,367)	759	-	3,415	3,431

The Group has forward currency contracts and foreign currency options designated as cash flow hedges that are subject to movements through equity and profit and loss respectively as foreign exchange rates move.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign currency risk

The following sensitivity is based on the foreign exchange risk exposures in existence at the reporting date:

	POST-TAX PROFIT HIGHER/(LOWER)		COMPREHENSIVE INCOME HIGHER/(LOWER)	
Judgements of reasonably possible movements:	2011 $000	2010 $000	2011 $000	2010 $000
CONSOLIDATED				
AUD/USD + 2.5%	315	280	(2,333)	(1,889)
AUD/USD – 10.0%	(1,452)	(1,255)	8,774	9,609
AUD/ZAR + 2.5%	(83)	(64)	-	-
AUD/ZAR – 10.0%	379	292	-	-
AUD/SGD + 2.5%	(19)	-	-	-
AUD/SGD –10.0%	84	-	-	-

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements and economic forecaster's expectations.
- The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months from reporting date.
- The effect on other comprehensive income is the effect on the cash flow hedge reserve, the foreign currency translation reserve and/or the available-for-sale reserve.
- The sensitivity does not include financial instruments that are non-monetary items as these are not considered to give rise to currency risk.

Credit risk

The overwhelming majority of the Group's sales are on cash or cash equivalent terms with settlement within 24 hours. As such, the Group's exposure to credit risk is minimal. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Credit risk (Continued)

Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party. Credit risk for the Group also arises from financial guarantees that members of the Group act as guarantor. At 30 July 2011, the maximum exposure to credit risk of the Group is the amount guaranteed as disclosed in note 35.

Liquidity risk

Liquidity risk refers to the risk of encountering difficulties in meeting obligations associated with financial liabilities. Liquidity risk management is associated with ensuring that there are sufficient funds available to meet financial commitments in a timely manner and planning for unforeseen events which may curtail cash flows and cause pressure on liquidity. The Group keeps its short, medium and long term funding requirements under constant review. Its policy is to have sufficient committed funds available to meet medium term requirements, with flexibility and headroom to make acquisitions for cash in the event an opportunity should arise.

The Group has at balance date $31.8 million (2010: $30.4 million) cash held in deposit with 11am at call term and the remaining $276.0 million (2010: $286.2 million) cash held in deposit with maturity terms ranging from 30 to 90 days. Hence management believe there is no significant exposure to liquidity risk at 30 July 2011 and 31 July 2010.

The remaining contractual maturities of the Group's financial liabilities are:

	CONSOLIDATED	
	2011 $'000	2010 $'000
Maturity < 6 months	125,111	151,383
Maturity 6–12 months	214,021	58,235
Maturity 12–24 months	21,684	23,743
Maturity > 24 months	-	101,040
	360,816	334,401

Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities is based on market prices (where a market exists) or using other widely accepted methods of valuation. At 30 July 2011 and 31 July 2010 the fair value of cash and cash equivalents, short-term receivables and payables approximates their carrying value.

The fair value of the Group's available-for-sale equity investments is shown below:

	2011		**2010**	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
Investments	104,547	104,024	72,767	72,402

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Fair value of financial assets and liabilities (Continued)

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted price in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

CONSOLIDATED

	FINANCIAL PERIOD ENDED 30 JULY 2011				FINANCIAL PERIOD ENDED 31 JULY 2010			
	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets								
Foreign Exchange Contracts	-	-	-	-	-	1,525	-	1,525
Listed Investments	104,547	-	-	104,547	72,767	-	-	72,767
	104,547	-	-	104,547	72,767	1,525	-	74,292
Financial Liabilities								
Foreign Exchange Contracts	-	15,465	-	15,465	-	775	-	775
	-	15,465	-	15,465	-	775	-	775

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Fair value of financial assets and liabilities (Continued)

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques and other relevant models used by market participants. The valuation techniques use observable market inputs.

	CONSOLIDATED	
	2011 $'000	2010 $'000
4 REVENUE		
REVENUE		
Revenue from sale of goods	866,045	870,385
Revenue from sale of goods to associate	9,565	8,109
Revenue from sale of goods	875,610	878,494
OTHER REVENUE		
Membership program fees	425	598
INTEREST		
Other persons	17,084	14,657
Associate	230	269
Total Interest	17,314	14,926
DIVIDENDS		
Other listed companies	4,853	2,492
Total Dividends	4,853	2,492
TOTAL OTHER REVENUE	22,592	18,016
TOTAL REVENUE	898,202	896,510
OTHER INCOME		
Amortisation of deferred income	5,027	6,375
Royalty and licence fees		
Associate	616	234
Other persons	313	105
Other	1,857	932
TOTAL OTHER INCOME	7,813	7,646
TOTAL INCOME	906,015	904,156

	NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
5 EXPENSES AND LOSSES			
EXPENSES			
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of plant and equipment	12	20,986	18,665
Amortisation of plant and equipment under lease	12	133	160
Impairment of available-for-sale investments		-	52
Impairment of plant and equipment	12	564	819
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		21,683	19,696
AMORTISATION OF NON-CURRENT ASSETS			
Amortisation of leasehold premiums	13	50	133
TOTAL AMORTISATION OF NON-CURRENT ASSETS		50	133
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		21,733	19,829
FINANCE COSTS			
Finance charges payable under finance leases		48	68
Bank loans and overdraft		9,566	7,477
Provision for discount adjustment on deferred acquisition purchase price		-	324
TOTAL FINANCE COSTS		9,614	7,869
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		153,611	146,029
Contingent rentals		23,918	22,357
TOTAL OPERATING LEASE EXPENSES		177,529	168,386
OTHER EXPENSES INCLUDES			
Bad debts		21	19
Share-based payments expense		588	389
Foreign exchange losses		523	119
Loss on ineffective cash flow hedges		1,031	1,090
Net loss on disposal of plant and equipment		1,120	871

	CONSOLIDATED	
	2011 $'000	2010 $'000
5 EXPENSES AND LOSSES (CONTINUED)		
STRATEGIC REVIEW COSTS		
Redundancies	2,356	-
Onerous leases	10,134	-
Impairment of plant and equipment	2,427	-
Asset write off	559	-
Other Costs	295	-
TOTAL STRATEGIC REVIEW COSTS	15,771	-

During the year ended 30 July 2011, Premier Retail committed to adopt a strategic review undertaken to implement a six point EBIT improvement plan which includes rejuvenate and reinvigorate five core apparel brands, organisation-wide cost efficiency program, expand and grow the internet business and a gross margin expansion program.

Following the announcement of the strategic review the Group recognised a provision for $15,771,000 for expected costs including employee termination benefits and onerous leases.

		CONSOLIDATED	
		2011 $'000	2010 $'000
6	**INCOME TAX**		
	The major components of income tax expense are:		
(a)	INCOME TAX RECOGNISED IN PROFIT AND LOSS		
	CURRENT INCOME TAX		
	Current income tax charge	17,584	22,451
	Adjustment in respect of current income tax of previous years	208	488
	Impact of adopting tax consolidation	-	(16,627)
	DEFERRED INCOME TAX		
	Relating to origination and reversal of temporary differences	(733)	3,430
	INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	17,059	9,742
(b)	STATEMENT OF CHANGES IN EQUITY		
	Deferred income tax related to items charged (credited) directly to equity:		
	Net deferred income tax on movements on cash-flow hedges	(4,553)	590
	Unrealised gain on available-for-sale investments	9,481	11,301
	INCOME TAX EXPENSE REPORTED IN EQUITY	4,928	11,891
(c)	NUMERICAL RECONCILIATION BETWEEN AGGREGATE TAX EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND TAX EXPENSE CALCULATED PER THE STATUTORY INCOME RATE		
	A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
	Accounting profit before income tax	57,576	89,375
	At the Parent Entity's statutory income tax rate of 30% (2010: 30%)	17,273	26,812
	Adjustment in respect of current income tax of previous years	208	488
	Effect of tax concessions	-	(1,046)
	Impact of adopting tax consolidation	-	(16,627)
	Expenditure not allowable for income tax purposes	151	262
	Income not assessable for tax purposes	(573)	(147)
	AGGREGATE INCOME TAX EXPENSE	17,059	9,742

	CONSOLIDATED	
	2011 $'000	2010 $'000
6 INCOME TAX (CONTINUED)		
(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
DEFERRED TAX LIABILITIES		
Intangibles	972	962
Foreign currency balances	(59)	401
Expenditure deductible for tax purposes over five years	(6)	(7)
Potential capital gains tax on financial investments	20,767	11,286
Deferred income	-	317
Employee entitlements	(64)	(57)
Other receivables and prepayments	447	623
Plant and equipment	6,162	4,981
R&D depreciation equipment	267	333
Leased plant and equipment	30	85
TOTAL DEFERRED TAX LIABILITIES	28,516	18,924
DEFERRED TAX LIABILITIES – STATEMENT OF COMPREHENSIVE INCOME (MOVEMENTS)		
Plant and equipment	1,181	3,048
Potential capital gains on financial investments	9,481	11,286
R&D depreciation equipment	(66)	(73)
Intangibles	10	(21)
Foreign exchange gains and losses	(460)	(1,369)
Expenditure deductible for tax purposes over five years	1	12
Deferred income	(317)	-
Employee entitlements	(7)	(16)
Other receivables and current assets	(176)	81
Leased plant and equipment	(55)	(48)
	9,592	12,900

		CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
6	INCOME TAX (CONTINUED)		
	DEFERRED TAX ASSETS – STATEMENT OF FINANCIAL POSITION		
	Plant and equipment	609	674
	Deferred gains and losses on foreign exchange contracts	4,639	233
	Inventory provisions	324	456
	Deferred rent gain	2,287	2,290
	Deferred lease incentive income	2,894	4,182
	Employee provisions	4,892	5,015
	Capital expenditure deductible over five years	464	913
	Other	3,668	557
	Lease liability	31	92
	TOTAL DEFERRED TAX ASSETS	19,808	14,412
	DEFERRED TAX ASSETS – STATEMENT OF COMPREHENSIVE INCOME (MOVEMENTS)		
	Plant and equipment	(65)	229
	Deferred gains and losses on foreign exchange	4,406	2,117
	Inventory provisions	(132)	(138)
	Deferred rent gain	(3)	(136)
	Deferred lease incentive income	(1,288)	(1,172)
	Employee provisions	(123)	354
	Capital expenditure deductible over five years	(449)	504
	Other provisions	3,111	6
	Lease liability	(61)	50
		5,396	1,814

TAX CONSOLIDATION

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

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

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
7 DIVIDENDS PAID AND PROPOSED		
RECOGNISED AMOUNTS		
Declared and paid during the year		
Interim franked dividends for 2011:		
18 cents per share (2010: 38 cents)	27,911	57,303
Final franked dividends for 2010:		
28 cents per share (2009: 38 cents)	43,408	55,858
UNRECOGNISED AMOUNTS		
Final franked dividend for 2011:		
18 cents per share (2010: 28 cents)	27,911	43,408
FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2010: 30%)	228,977	243,981
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	(2,965)	(4,710)
- franking debits that will arise from the payment of dividends as at the end of the financial year	(11,962)	(18,603)
	214,050	220,668

The tax rate at which paid dividends have been franked is 30% (2010: 30%). Dividends proposed will be franked at the rate of 30% (2010: 30%).

		CONSOLIDATED	
		2011 $'000	2010 $'000
8	TRADE AND OTHER RECEIVABLES		
	CURRENT		
	Sundry debtors	5,011	7,504
	Associate	1,055	799
	Carrying amount of trade and other receivables	6,066	8,303
	NON-CURRENT		
	Associate	2,360	2,632
	Carrying amount of trade and other receivables	2,360	2,632

(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 30 July 2011 (2010: $nil). During the year, a bad debt expense of $21,000 (2010: $19,000) was recognised.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) *Related party receivables*

For terms and conditions of related party receivables refer to Note 28.

(c) *Fair value and credit risk*

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

(d) *Foreign exchange and interest rate risk*

Detail regarding foreign exchange and interest rate risk is disclosed in Note 3.

		CONSOLIDATED	
		2011 $'000	2010 $'000
9	INVENTORIES		
	The valuation policy adopted in respect of the following is set out in Note 2(j)		
	Raw materials	3,113	3,587
	Finished goods	70,286	68,152
	TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	73,399	71,739
10	OTHER ASSETS		
	CURRENT		
	Deposits and prepayments	3,140	3,550
	TOTAL OTHER CURRENT ASSETS	3,140	3,550
11	AVAILABLE-FOR-SALE FINANCIAL ASSETS		
	INVESTMENTS		
	Shares in companies quoted on prescribed stock exchange at fair value	104,547	72,767
	TOTAL INVESTMENTS	104,547	72,767

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

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

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

		CONSOLIDATED	
	NOTE	2011 $'000	2010 $'000
12 PLANT AND EQUIPMENT			
Plant and equipment – at cost		144,970	132,329
Less: accumulated depreciation and impairment		(60,294)	(41,404)
Total		84,676	90,925
Capitalised leased assets – at cost		708	809
Less: accumulated depreciation and impairment		(607)	(524)
Total		101	285
TOTAL PLANT AND EQUIPMENT		84,777	91,210
RECONCILIATIONS			
Reconciliations of the carrying amounts for each class of			
Plant and equipment			
At beginning of the financial period		90,925	72,864
Additions		18,975	38,449
Disposals		(1,139)	(871)
Exchange differences		(108)	(33)
Impairment	5	(2,991)	(819)
Depreciation	5	(20,986)	(18,665)
Net carrying amount at end of period		84,676	90,925
Leased plant and equipment			
At beginning of the financial period		285	445
Disposals		(51)	-
Amortisation	5	(133)	(160)
Net carrying amount at end of period		101	285
TOTAL		84,777	91,210

IMPAIRMENT OF PLANT AND EQUIPMENT

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

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

The post tax discount rate applied to the cash flow projections is 11.5% 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, an impairment loss of $2,991,000 (2010:$819, 000) was recognised during the financial year to reduce the carrying amount of plant and equipment to recoverable amount. $564,000 has been recognised in the statement of comprehensive income as depreciation, impairment and amortisation and a further $2,427,000 has been recognised within the costs associated with strategic review costs.

13 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 30 JULY 2011					
As at 1 August 2010 net of accumulated amortisation and impairment	477,085	376,179	760	149	854,173
Additions	-	-	-	121	121
Trademark registrations	-	-	237	-	237
Amortisation	-	-	-	(50)	(50)
Exchange differences	-	-	-	(1)	(1)
As at 30 July 2011 net of accumulated amortisation and impairment	477,085	376,179	997	219	854,480
AS AT 30 JULY 2011					
Cost (gross carrying amount)	477,085	376,179	997	723	854,984
Accumulated amortisation and impairment	-	-	-	(504)	(504)
Net carrying amount	477,085	376,179	997	219	854,480

YEAR ENDED 31 JULY 2010					
As at 26 July 2009 net of accumulated amortisation and impairment	473,343	376,179	306	248	850,076
Additions	3,742	-	-	35	3,777
Trademark registrations	-	-	454	-	454
Amortisation	-	-	-	(133)	(133)
Exchange differences	-	-	-	(1)	(1)
As at 31 July 2010 net of accumulated amortisation and impairment	477,085	376,179	760	149	854,173
AS AT 31 JULY 2010					
Cost (gross carrying amount)	477,085	376,179	760	1,251	855,275
Accumulated amortisation and impairment	-	-	-	(1,102)	(1,102)
Net carrying amount	477,085	376,179	760	149	854,173

13 INTANGIBLES (CONTINUED)

GOODWILL AND BRAND NAMES

After initial recognition, goodwill and indefinite-life brand names acquired in a business combination are measured at cost less any accumulated impairment losses. Goodwill and brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

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

IMPAIRMENT TESTING OF GOODWILL

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

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

The recoverable amount of the CGU has been determined based upon a value in use calculation, using cash flow projections as at July 2011, based on financial estimates approved by the senior management and the Board covering a five year period. The post tax discount rate applied to these cash flow projections is 11.3%. Cash flows beyond the five year period are extrapolated using a growth rate of 3%.

An adverse change in forecast sales volumes or EBITDA could have the potential to give rise to a circumstance where the recoverable amount may be materially lower than the carrying amount.

IMPAIRMENT TESTING OF BRAND NAMES

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

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

The recoverable amounts of Brand names acquired in a business combination are determined on an individual Brand basis based upon a value in use calculation. The value in use calculation has been determined based upon the relief from royalty method using cash flow projections as at July 2011. The cash flow projections are based on financial estimates approved by senior management and the Board covering a five year period. When the recoverable amount of a Brand is less than the carrying amount, an impairment loss is recognised. When considering the recoverable amount, the net present value of cash flows has been compared to reasonable earnings multiples for comparable companies.

13 INTANGIBLES (CONTINUED)

The post tax discount rate applied to the cash flow projections for each of the three CGU's is 10.2%. Cash flows beyond the five year period for each of the CGU's are extrapolated using a growth rate of 3%.

Royalty rates have been determined for each brand within the CGU by considering the brand's history and future expected performance. Factors such as the profitability of the brand, market share 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. The reasonableness of the royalty rates applied have been assessed by determining the notional royalty payments as a percentage of the earnings before interest and taxation generated by the division in which the brand names are used. Net royalty rates applied across the three CGU's range between 3.5% and 8.5%.

Management have considered the possible change in expected growth rates applied to individual brands within the CGU's each of which have been subject to sensitivities including changes in royalty rates. An adverse change in forecast sales volumes or EBITDA could have the potential to give rise to a circumstance where the recoverable amount may be materially lower than the carrying amount.

	CONSOLIDATED	
	2011 $'000	2010 $'000

14 INVESTMENT IN ASSOCIATE

Investment in associate	1,754	799

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 $1,178,435 (2010: $491,648).

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

EXTRACT FROM THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION	2011 $'000	2010 $'000
Current assets	4,082	3,147
Non-current assets	2,628	1,873
Total assets	6,710	5,020
Current liabilities	(2,596)	(1,590)
Non-current liabilities	(2,360)	(2,631)
Total liabilities	(4,956)	(4,221)
NET ASSETS		
Share of associates net assets	1,754	799
EXTRACT FROM THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME	2011 $'000	2010 $'000
Revenue	15,386	11,717
Profit before income tax	878	492
Income tax expense (benefit)	(300)	-
Profit after income tax	1,178	492

		NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
15	TRADE AND OTHER PAYABLES			
	CURRENT			
	Trade creditors		23,523	31,206
	Other creditors and accruals		22,783	23,206
	TOTAL CURRENT		46,306	54,412

(a) *Fair values*

Due to the short-term nature of these payables, their carrying value is equal to their fair value.

(b) *Interest rate, foreign exchange rate and liquidity risk*

Detail regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 3.

		NOTES	2011 $'000	2010 $'000
16	INTEREST-BEARING LIABILITIES			
	CURRENT			
	Lease liability	23	97	155
	Bank loans* unsecured ^		118,000	-
	Bank loans* unsecured (NZ$20.0 million) ^		15,979	-
			133,979	-
	Less directly attributable borrowing costs		(292)	-
	Net bank loans		133,687	-
	TOTAL CURRENT		133,784	155

^ Details regarding the subsequent year end extension of the Just Group Ltd finance facilities is disclosed in Note 34.

	NOTES	2011 $'000	2010 $'000
NON-CURRENT			
Lease liability	23	6	153
Bank loans* unsecured		-	85,000
Bank loans* unsecured (NZ$20.0 million)		-	16,035
		-	101,035
Less directly attributable borrowing costs		-	(646)
Net bank loans		-	100,389
TOTAL NON-CURRENT		6	100,542

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

(a) *Fair values*

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

(b) *Interest rate, foreign exchange rate and liquidity risk*

Detail regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 3.

(c) *Defaults and breaches*

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

	CONSOLIDATED	
	2011 $'000	2010 $'000

17 PROVISIONS

	2011 $'000	2010 $'000
CURRENT		
Employee entitlements – Annual Leave	10,593	10,377
Employee entitlements – Long Service Leave	4,424	5,262
Employee redundancy	962	-
Onerous leases	9,344	-
Other	290	-
TOTAL CURRENT	25,613	15,639
NON-CURRENT		
Employee entitlements – Long Service Leave	1,187	1,188

MOVEMENTS IN PROVISIONS

	2011 $'000	2010 $'000
Employee redundancy		
Opening balance	-	-
Charged to Profit and Loss	2,356	-
Utilised during the period	(1,394)	-
Closing balance	962	-

	2011 $'000	2010 $'000
Onerous leases		
Opening balance	-	-
Charged to Profit and Loss	10,134	-
Utilised during the period	(790)	-
Closing balance	9,344	-

NATURE AND TIMING OF PROVISIONS

Restructure & Redundancy and Employee Entitlements

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

18 OTHER LIABILITIES

	2011 $'000	2010 $'000
CURRENT		
Deferred income	6,293	5,969
Deferred purchase consideration	-	18,398
TOTAL CURRENT	6,293	24,367
NON-CURRENT		
Deferred income	11,060	14,303
TOTAL NON-CURRENT	11,060	14,303

	CONSOLIDATED	
	2011 $'000	2010 $'000
19 CONTRIBUTED EQUITY		
Ordinary shares (a)	608,615	608,615

	NO. ('000)	$'000
(a) MOVEMENTS IN SHARES ON ISSUE		
Shares on issue 26 July 2009	146,995	549,208
Dividend reinvestment plan (i)	7,997	59,557
Transaction costs (ii)	-	(350)
Shares issued during the year (iii)	38	200
Shares on issue at 31 July 2010	155,030	608,615
Shares on issue 1 August 2010	155,030	608,615
Shares issued during the year (iii)	32	-
Shares on issue at 30 July 2011	155,062	608,615

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

(i) 7,996,730 shares were issued under the dividend reinvestment plan in 2010. Nil in 2011.

(ii) The transaction costs represent costs associated with the dividend reinvestment plan.

(iii) 32,786 shares (2010: 37,384) were issued in relation to the performance rights plan.

(b) CAPITAL MANAGEMENT

The Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The capital structure of the Group consists of debt which includes borrowings as disclosed in Note 16, cash and cash equivalents as disclosed in Note 27 and equity attributable to the equity holders of the parent comprising of issued capital, reserves and retained profits as disclosed in Notes 19, 20 and 21 respectively.

The Group operates primarily through its two business segments, investments and retail. The investments segment is managed and operated through the parent company. The retail segment operates through subsidiaries established in their respective markets and maintains a central borrowing facility through a subsidiary, to meet the retail segment's funding requirements and to enable the Group to find the optimal debt and equity balance.

The Group's capital structure is reviewed on a periodic basis in the context of prevailing market conditions, and appropriate steps are taken to ensure the Group's capital structure and capital management initiatives remain in line with the Board's objectives.

The Group maintains that the dividend paid will represent at least 65% of net profit after tax.

19 CONTRIBUTED EQUITY (CONTINUED)

Externally imposed capital requirements

Just Group Ltd, a subsidiary of Premier Investments Limited, is subject to a number of financial undertakings as part of its financing facility agreement. These undertakings have been satisfied during the period.

The Group is not subject to any capital requirements imposed by regulators or other prudential authorities.

	CONSOLIDATED	
	2011 $'000	2010 $'000
20 RESERVES		
RESERVES COMPRISE:		
Capital profits reserve (a)	464	464
Fair value reserve (b)	49,068	26,769
Foreign currency translation reserve (c)	14	228
Cash flow hedge reserve (d)	(10,767)	(139)
Performance rights reserve (e)	799	211
TOTAL RESERVES	39,578	27,533

(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

(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	26,769	(4,001)
Increment on revaluation of available-for-sale Investments	31,780	42,071
Net deferred income tax movement on investments	(9,481)	(11,301)
CLOSING BALANCE	49,068	26,769

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
20 RESERVES (CONTINUED)		
(c) FOREIGN CURRENCY TRANSLATION RESERVE		
(i) Nature and purpose of reserve		
This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.		
(ii) Movements in the reserve		
Opening balance	228	11
Foreign currency translation overseas subsidiaries	(214)	217
CLOSING BALANCE	14	228
(d) CASH FLOW HEDGE RESERVE		
(i) *Nature and purpose of reserve*		
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
(ii) Movements in the reserve		
Opening balance	(139)	(1,552)
Net losses on cash flow hedges	(1,886)	(2,777)
Transferred (to) from statement of financial position/comprehensive income	(13,295)	4,780
Net deferred income tax movement on cash flow hedges	4,553	(590)
CLOSING BALANCE	(10,767)	(139)
(e) PERFORMANCE RIGHTS RESERVE		
(i) Nature and purpose of reserve		
This reserve is used to record the cumulative amortised value of performance rights issued to key senior employees net of the value of performance shares acquired under the performance rights plan.		
(ii) Movements in the reserve		
Opening balance	211	22
Performance rights expense for the year	588	389
Issue of shares under performance rights plan	-	(200)
CLOSING BALANCE	799	211

	CONSOLIDATED	
	2011 $'000	2010 $'000
21 RETAINED EARNINGS		
Opening balance	576,347	609,875
Net profit attributable to members of the company	40,517	79,633
Dividends paid	(71,319)	(113,161)
CLOSING BALANCE	545,545	576,347

22 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 securities for both long term and short term gains and dividend income and interest. This includes available for sale financial instruments.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior periods except as detailed below:

Income tax expense

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

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

The following table presents revenue and profit information for reportable segments for the period ended 30 July 2011 and 31 July 2010.

22 OPERATING SEGMENTS (CONTINUED)

(a) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
REVENUE								
Sale of goods	875,610	878,494	-	-	-	-	875,610	878,494
Interest revenue	578	625	16,736	14,301	-	-	17,314	14,926
Other revenue	427	600	51,819	53,350	(46,968)	(50,860)	5,278	3,090
Other income	7,813	7,646	-	-		-	7,813	7,646
Total Segment revenue	884,428	887,365	68,555	67,651	(46,968)	(50,860)	906,015	904,156
Total revenue per the statement of comprehensive income							906,015	904,156
RESULTS								
Depreciation and amortisation	21,169	18,958	-	-	-	-	21,169	18,958
Impairment	564	819	-	52	-	-	564	871
Interest expense	9,614	7,545	-	-	-	-	9,614	7,545
Share of profit of associate	1,178	492	-	-	-	-	1,178	492
Segment result	39,796	76,326	64,748	63,909	(46,968)	(50,860)	57,576	89,375
Income tax expense							(17,059)	(9,742)
Net profit after tax per the statement of comprehensive income							40,517	79,633
ASSETS AND LIABILITIES								
Segment assets	334,117	327,386	1,178,923	1,160,078	(51,072)	(44,663)	1,461,968	1,442,801
Segment liabilities	248,417	211,660	26,783	18,646	(6,970)	-	268,230	230,306
Capital expenditure	18,975	38,449	-	-	-	-	18,975	38,449

22 OPERATING SEGMENT (CONTINUED)

(b) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		TOTAL		ELIMINATIONS		CONSOLIDATED	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
REVENUE										
Sale of goods	766,432	763,655	109,178	114,839	875,610	878,494	-	-	875,610	878,494
Other revenue and income	28,374	24,543	2,031	1,119	30,405	25,662	-	-	30,405	25,662
Segment income	794,806	788,198	111,209	115,958	906,015	904,156	-	-	906,015	904,156
Segment non-current assets	1,078,511	1,042,700	11,009	13,631	1,089,520	1,056,331	(21,794)	(34,750)	1,067,726	1,021,581
Capital expenditure	17,922	32,924	1,053	5,525	18,975	38,449	-	-	18,975	38,449

		NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
23	**EXPENDITURE COMMITMENTS**			
CAPITAL EXPENDITURE COMMITMENTS				
Plant and equipment				
Payable within one year			1,368	6,175
TOTAL CAPITAL EXPENDITURE			1,368	6,175
LEASE EXPENDITURE COMMITMENTS				
(i)	*Operating leases*			
	Payable within one year		116,470	111,175
	Payable within one to five years		203,480	203,271
	Payable in more than five years		8,692	13,451
	Total operating leases		328,642	327,897
(ii)	*FINANCE LEASES*			
	Total lease liability – current	16	97	155
	Total lease liability – non-current	16	6	153
	Total finance leases		103	308
FINANCE LEASE COMMITMENTS				
Payable within one year			98	311
Payable within one to five years			7	44
Minimum lease payments			105	355
Less future finance charges			(2)	(47)
TOTAL LEASE LIABILITY			103	308

The Group has entered into commercial operating leases on certain land and buildings, motor vehicles and items of plant and equipment. These leases have an average life of five years.

The Group has finance leases for various items of plant and equipment. These leases have an average term of four years with the option to purchase the asset at the completion of the lease term for the asset's market value.

24 KEY MANAGEMENT PERSONNEL

(a) COMPENSATION FOR KEY MANAGEMENT PERSONNEL (KMP)

	CONSOLIDATED	
	2011 $	2010 $
Short-term employee benefits	2,413,631	1,939,022
Post-employment benefits	110,455	56,393
Termination benefits	1,045,930	-
Share-based payments	96,889	189,132
TOTAL	3,666,905	2,184,547

Premier Investments Limited has applied the option under Corporations Amendments Regulation 2006 to transfer KMP remuneration disclosure required by AASB 124 'Related Party Disclosures' paragraph Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) *SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL*

Shares held in Premier Investments Limited:

2011	BALANCE 1 AUGUST 2010 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 30 JULY 2011 ORDINARY
DIRECTORS					
S. Lew**	4,437,699	-	-	-	4,437,699
F.W. Jones	192,592	-	-	-	192,592
L.E. Fox	5,577,014	-	-	-	5,577,014
H.D. Lanzer	27,665	-	-	-	27,665
M.R.I. McLeod	28,186	-	-	-	28,186
Dr. G.H. Weiss	-	10,000	-	-	10,000
D. Crean	-	-	-	-	-
T. Antonie	-	-	-	-	-
EXECUTIVES					
M. McInnes	-	-	-	-	-
K.F. Davis	-	-	-	-	-
J. Murray	199,292	-	16,393	-	-
TOTAL 2011	10,462,448	10,000	16,393	-	10,273,156

2010	BALANCE 26 JULY 2009 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 31 JULY 2010 ORDINARY
DIRECTORS					
S. Lew**	4,208,753	228,946	-	-	4,437,699
F.W. Jones	173,172	19,420	-	-	192,592
L.E. Fox	5,953,175	323,839	-	(700,000)	5,577,014
H.D. Lanzer	26,238	1,427	-	-	27,665
M.R.I. McLeod	26,732	1,454	-	-	28,186
Dr. G.H. Weiss	-	-	-	-	-
D. Crean	-	-	-	-	-
T. Antonie	-	-	-	-	-
EXECUTIVES					
K.F. Davis	-	-	-	-	-
J. Murray	180,600	-	18,692	-	199,292
TOTAL 2010	10,568,670	575,086	18,692	(700,000)	10,462,448

**Mr. Lew is an associate of Century Plaza Investments Pty. Ltd., Playcorp Pty. Ltd and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 60,358,044 (2010: 60,358,044) shares in the company. However, Mr. Lew does not have a relevant interest in the shares in the company held by the Associated Entities.

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

Mr. Lanzer is a partner of the legal firm Arnold Bloch Leibler. Group companies use the services of Arnold Bloch Leibler from time to time. Legal services totalling $600,612 (2010: $654,324), including Mr. Lanzer's directors fees, GST and disbursements were invoiced by Arnold Bloch Leibler to the consolidated group. The fees paid for these services were all at arm's length and on normal commercial terms.

Mr. Lanzer is a director of Loch Awe Pty Ltd. During the year operating lease payments totalling $336,300 (2010: $41,965) including GST was paid to Loch Awe Pty Ltd. The payments were at arm's length and on normal commercial terms.

Mr. Lew is a director of Voyager Distributing Company Pty Ltd and family companies associated with Mr. Lew have a controlling interest in Playcorp Pty. Ltd. During the year, purchases totalling $9,559,228 (2010:$2,851,724) at normal market prices including GST have been made by Group companies from Voyager Distributing Co. Pty Ltd and Playcorp Pty Ltd.

Mr. Lew and Mr. McLeod are directors of Century Plaza Trading Pty. Ltd. The company and Century Plaza Trading Pty Ltd are parties to a Services Agreement to which Century Plaza Trading agrees to provide certain services to the company to the extent required and requested by the company. The company is required to reimburse Century Plaza Trading for costs it incurs in providing the company with the services under the Service Agreement. The company reimbursed a total of $274,577 (2010: $246,758) costs including GST incurred by Century Plaza Trading Pty. Ltd.

25 AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2011 $'000	2010 $'000
The auditor of Premier Investments Limited is Ernst and Young. Amounts received, or due and receivable, by Ernst and Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group.	354,515	356,636
Other services in relation to the entity and any other entity in the consolidated group:		
- Taxation advice	85,700	55,526
- Other	76,368	-
Total – Other services	162,068	55,526
TOTAL AUDITOR'S REMUNERATION	516,583	412,162

26 SIGNIFICANT INVESTMENTS

Premier Investments Limited holds 25.7% (2010: 25.8%) of Breville Group Limited. Management have performed a review of this investment, in light of the requirements of AASB 128, and concluded that Premier Investments Limited does not hold significant influence over Breville Group Limited. Accordingly the investment in Breville Group Limited has not been equity accounted.

	CONSOLIDATED	
	2011 $'000	2010 $'000
27 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	31,802	30,406
Short-term deposits	276,006	286,238
TOTAL CASH ASSETS AND CASH EQUIVALENTS	307,808	316,644
(b) RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET PROFIT AFTER INCOME TAX		
Net profit	40,517	79,633
Adjustments for:		
Amortisation	183	293
Depreciation	20,986	18,665
Impairment and write-off of non-current assets	2,991	819
Impairment of investments	-	52
Foreign exchange loss	746	69
Share of associate's net profit	(1,178)	(492)
Provision discount adjustment on deferred payables	-	324
Finance charges on capitalised leases	48	68
Borrowing costs	350	-
Loss on sale of property, plant and equipment	1,120	871
Bad debts	21	19
Performance rights expense	588	389
Movement in cash flow hedge reserve	(15,181)	1,413
Net exchange differences	(496)	30
Changes in assets and liabilities net of the effects from acquisition and disposal of businesses:		
Decrease (increase) in income tax receivable	1,218	(5,047)
Increase in provisions	9,974	1,632
Increase in deferred tax liabilities	113	4,280
Decrease in trade and other payables	(4,629)	(8,100)
Increase (decrease) in derivative financial liabilities	14,689	(7,057)
Decrease in current tax liabilities	-	(17,177)
(Decrease) increase in deferred income	(2,919)	511
Decrease (increase) in trade and other receivables	2,466	(973)
Decrease in other current assets	410	243
Increase in inventories	(1,660)	(2,165)
Decrease in derivative financial assets	1,525	4,525
(Increase) decrease in deferred tax assets	(843)	1,792
NET CASH FLOWS FROM OPERATING ACTIVITIES	71,039	74,617

27 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

		CONSOLIDATED	
		2011 $'000	2010 $'000
(c)	*NON CASH FINANCING AND INVESTING ACTIVITIES*		
	Dividend re-investment plan	-	59,557
(d)	*FINANCE FACILITIES*		
	Working capital and bank overdraft facility		
	Used	-	-
	Unused	12,000	12,000
		12,000	12,000
	Finance facility		
	Used	133,979	101,032
	Unused	4,021	18,968
		138,000	120,000
	Bank guarantee facility		
	Used	1,186	1,202
	Unused	3,814	3,798
		5,000	5,000
	Leasing facility		
	Used	104	308
	Unused	-	-
		104	308
	Total facilities		
	Used	135,269	102,542
	Unused	19,835	34,766
TOTAL		155,104	137,508

28 RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Premier Investments Limited and the subsidiaries listed in the following table:

(a) *SUBSIDIARIES*

	COUNTRY OF INCORPORATION	INTEREST HELD	INTEREST HELD
		2011 %	2010 %
Kimtara Investments Pty Ltd	Australia	100	100
Premfin Pty Ltd	Australia	100	100
Springdeep Investments Pty Ltd	Australia	100	100
Prempref Pty Ltd	Australia	100	100
Just Group Limited	Australia	100	100
Just Jeans Group Pty Limited	Australia	100	100
Just Jeans Pty Limited	Australia	100	100
Jay Jays Trademark Pty Limited	Australia	100	100
Just-Shop Pty Limited	Australia	100	100
Peter Alexander Sleepwear Pty Limited	Australia	100	100
Old Blues Pty Limited	Australia	100	100
Kimbyr Investments Limited*	New Zealand	100	100
Jacqui E Pty Limited	Australia	100	100
Jacqueline-Eve Fashions Pty Limited	Australia	100	100
Jacqueline-Eve (Hobart) Pty Limited	Australia	100	100
Jacqueline-Eve (Retail) Pty Limited	Australia	100	100
Jacqueline-Eve (Leases) Pty Limited	Australia	100	100
Sydleigh Pty Limited	Australia	100	100
Old Favourites Blues Pty Limited	Australia	100	100
Urban Brands Pty Ltd	Australia	100	100
Portmans Pty Limited	Australia	100	100
Dotti Pty Ltd	Australia	100	100
Smiggle Pty Limited	Australia	100	100
Just Group International Pty Limited	Australia	100	100
Smiggle Singapore Pte Ltd	Singapore	100	100
Just Group International HK	Hong Kong	100	100
Smiggle HK Limited**	Hong Kong	100	100
Just Group USA Inc.**	USA	100	100
Peter Alexander USA Inc.**	USA	100	100
Smiggle USA Inc.**	USA	100	100
Just UK International Limited**	UK	100	100
Smiggle UK LTD**	UK	100	100
Peter Alexander UK LTD**	UK	100	100
ETI Holdings Limited**	New Zealand	100	100
RSCA Pty Limited**	Australia	100	100
RSCB Pty Limited**	Australia	100	100

* Skelton Manufacturing Ltd and Underground Fashions Ltd were amalgamated into Kimbyr Investments Ltd during the financial year 2010.

** Not trading as at the date of this report.

28 RELATED PARTY DISCLOSURES (CONTINUED)

(b) GROUP TRANSACTIONS WITH ASSOCIATES

The Group has a 50% interest in Just Kor Fashion Group (Pty) Ltd.

(i) Sale of inventory in the amount of $9,565,416 (2010: $8,108,379).

(ii) Management fee charged for services provided in the amount of $96,375 (2010: $127,517).

(iii) Royalty income of $615,400 (2010: $234,000) is due for the financial year.

(iv) Information regarding outstanding balances with the associate at year end is disclosed in Note 8.

(v) The Group provided a loan to the associate. The loan is denominated in South African Rand.

Interest is charged at a commercial rate and payable monthly. Interest earned on the loan is disclosed in Note 4.

(c) KEY MANAGEMENT PERSONNEL

Details relating to key management personnel including remuneration paid are included in Note 24.

(d) TERMS AND CONDITIONS

Terms and conditions of the tax funding arrangement are set out in Note 6.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash with the exception of the loan provided to the associate as disclosed above.

(e) ULTIMATE PARENT

Premier Investments Limited is the ultimate parent entity.

29 SHARE-BASED PAYMENT PLANS

(a) *RECOGNISED SHARE-BASED PAYMENT EXPENSES*

The expense recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED	
	2011 $'000	2010 $'000
Total Expense arising from equity-settled share-based payment transactions	588	389

(b) *TYPE OF SHARE-BASED PAYMENT PLAN*

<u>Performance rights</u>

The company grants performance rights to executives, thus ensuring that the executives who are most directly able to influence the company performance are appropriately aligned with the interests of shareholders.

A performance right is a right to acquire one fully paid ordinary share of the company after meeting a maximum three year performance period, provided specific performance hurdles are met. The number of performance rights to vest is determined by a vesting schedule based on the performance of the company. These performance hurdles have been discussed in the remuneration report on pages 8-16.

The fair value of the performance rights has been calculated as at the respective grant dates using the Black Sholes European option pricing model.

In determining the share-based payments expenses for the period, the number of instruments expected to vest has been adjusted to reflect the number of executives expected to remain with the group until the end of the performance period, as well as the probability of not meeting the TSR performance hurdles.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

	NUMBER	GRANT DATE	FAIR VALUE AT GRANT DATE
Granted on 26 June 2009	605,777	26/06/2009	$2.33
Granted on 18 December 2009	383,295	18/12/2009	$4.17
Granted on 28 June 2010	24,281	28/06/2010	$4.17
Granted on 22 November 2010	247,567	22/11/2010	$3.60
Granted on 10 May 2011	1,200,000	10/05/2011	$3.00

The following table shows the factors which were considered in determining the fair value of the performance rights granted during the current period:

GRANT DATE	SHARE PRICE	OPTION LIFE	DIVIDEND YIELD	VOLATILITY	RISK-FREE RATE	FAIR VALUE
26/06/2009	$5.36	3.3 years	5%	40%	4.7%	$2.33
18/12/2009	$8.34	3.3 years	5%	40%	4.5%	$4.17
28/06/2010	$8.34	3.3 years	5%	40%	4.5%	$4.17
22/11/2010	$7.19	3.8 years	5%	40%	5.23%	$3.60
10/05/2011	$6.00	4-5 years	5%	40%	5.1%	$3.00

29 SHARE-BASED PAYMENT PLANS (CONTINUED)

(c) *SUMMARY OF RIGHTS GRANTED UNDER PERFORMANCE RIGHTS PLANS*

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, performance rights issued during the year:

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Balance at beginning of the year	918,048	-	643,161	-
Granted during the year	1,748,028	-	383,295	-
Forfeited during the year	(865,400)	-	(71,024)	-
Exercised during the year	(32,786)	-	(37,384)	-
Expired during the year	-	-	-	-
Balance at the end of the year	1,767,890	-	918,048	-

Since the end of the financial year and up to the date of this report, no performance rights have been exercised, 17,212 performance rights have been issued 50,070 performance rights have been forfeited and no performance rights have expired.

(d) *WEIGHTED AVERAGE FAIR VALUE*

The weighted average fair value of performance rights granted during the year was $3.10 (2010: $4.17).

30 DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to the wholly-owned subsidiaries listed below from the Corporations law requirements for preparation, audit and lodgement of financial reports.

As a condition of the class order, Just Group Limited, a subsidiary of Premier Investments Limited, and each of the controlled entities of Just Group Limited entered into a Deed of Cross Guarantee as at 25 June 2009. Premier Investments Limited is not a party to the Deed of Cross Guarantee.

		CONSOLIDATED	
		2011 $'000	2010 $'000
31	DERIVATIVE FINANCIAL INSTRUMENTS		
	CURRENT ASSETS		
	Forward currency contracts – cash flow hedges	-	576
	Foreign currency options – cash flow hedges	-	857
		-	1,433
	NON-CURRENT ASSETS		
	Forward currency contracts – cash flow hedges	-	92
		-	92
	CURRENT LIABILITIES		
	Forward currency contracts – cash flow hedges	14,829	772
		14,829	772
	NON -CURRENT LIABILITIES		
	Forward currency contracts – cash flow hedges	636	4
		636	4

(a) *INSTRUMENTS USED BY THE GROUP*

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Group's financial risk management policies.

(i) *Forward currency contracts – cash flow hedges*

The majority of the Group's inventory purchases are denominated in US dollars. In order to protect against exchange rates movements, the Group has entered into forward exchange contracts to purchase US dollars.

These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made.

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) *INSTRUMENTS USED BY THE GROUP (CONTINUED)*

(i) *Forward currency contracts – cash flow hedges (continued)*

The cash flows are expected to occur between one to twenty four months from 30 July 2011 and the profit and loss within cost of sales will be affected over the next couple of years as the inventory is sold. At reporting date, the details of the outstanding contracts are:

	CONSOLIDATED			
	2011 $'000	2010 $'000	2011	2010
Buy USD / Sell AUD	NOTIONAL AMOUNTS $AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	78,828	51,731	0.9401	0.8888
Maturity 6 – 12 months	65,237	38,506	1.0076	0.8851
Maturity 12 – 24 months	19,420	20,999	1.0093	0.8581
Buy USD / Sell NZD	NOTIONAL AMOUNTS $AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	14,645	9,683	0.7267	0.7005
Maturity 6 – 12 months	14,867	7,377	0.7760	0.6934
Maturity 12 – 24 months	3,382	2,707	0.7983	0.6958

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and any gain or loss on the contracts attributable to the hedge risk is taken directly to equity.

When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the statement of financial position by the related amount deferred in equity.

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Foreign exchange options – cash flow hedges

The majority of the Group's inventory purchases are denominated in US dollars. In order to protect against downward exchange rate movements, the Group has entered into foreign exchange vanilla and collared options to purchase US dollars.

These contracts are hedging highly probable forecasted purchases and they are timed to expire when payments are scheduled to be made.

The cash flows are expected to occur between one to twelve months from 30 July 2011 and the profit and loss within cost of sales will be affected as the inventory is sold. At reporting date, the details of the outstanding contracts are:

	CONSOLIDATED			
	2011 $'000	2010 $'000	2011	2010
Buy USD / Sell AUD	NOTIONAL AMOUNTS $AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	-	17,096	-	0.8850
Maturity 6 – 12 months	-	12,192	-	0.8850

The Group designates the intrinsic value component of the foreign currency vanilla and collared options value as the hedging instrument in the hedge relationship. The hedging instruments are considered to be highly effective hedges as they are matched against forecast inventory purchases and any gain or loss on the intrinsic value attributable to the hedge risk is taken directly to equity. Movements in the time-value component of the foreign currency vanilla and collared options value are recognised immediately in profit and loss.

The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the statement of financial position by the related amount deferred in equity.

(b) INTEREST RATE RISK

Information regarding interest rate exposure is set out in Note 3.

(c) CREDIT RISK

Information regarding credit risk exposure is set out in Note 3.

32 EARNINGS PER SHARE

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net profit	40,517	79,633

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	155,041	150,885
- diluted earnings per share	156,301	151,595

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.

33 PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

		2011 $'000	2010 $'000
(a)	Summary financial information		
	Statement of financial position		
	Current assets	294,658	307,833
	Total assets	1,178,923	1,223,287
	Current liabilities	6,080	7,340
	Total liabilities	26,783	81,521
	Shareholders' equity		
	Issued capital	608,615	608,615
	Reserves		
	- Fair value reserve	49,067	26,769
	- Performance rights reserve	799	211
	Retained earnings	493,194	506,171
	Profit for the year	59,142	59,919
	Total comprehensive income	81,441	90,689
(b)	Guarantees entered into by the parent entity	-	-
	Carrying amount included in current liabilities	-	-

33 PARENT ENTITY INFORMATION (CONTINUED)

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to $nil (2010: $nil), secured by registered mortgages over the freehold properties of the subsidiaries.

The parent entity has also given unsecured guarantees in respect of:

(i) finance leases of subsidiaries amounting to $nil (2010: $nil).

(ii) the bank overdraft of a subsidiary amounting to $nil (2010: $nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 July 2011 or 31 July 2010.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments to purchase property, plant and equipment as at 30 July 2011 or 31 July 2010.

34 EVENTS AFTER THE REPORTING DATE

On 16 September 2011, the directors of Premier Investments Limited declared a final dividend in respect of the 2011 financial year. The total amount of the dividend is $27,911,000 (2010: $43,408,000) which represents a fully franked dividend of 18 cents per share (2010: 18 cents per share).

Subsequent to year-end, the Just Group Limited finance facilities have been extended to 31 October 2012, with some revisions to the method by which certain financial undertakings are measured.

35 CONTINGENT LIABILITIES

Under the terms of the shareholder agreement Just Kor Fashion Group (Pty) Ltd, the Group's associate operating in South Africa, has the right to call on each shareholder for additional funding of up to ZAR15.0 million each. The Group has not provided for this obligation in this financial report.

The Group has bank guarantees totalling $1,348,943 (2010: $1,202,402).

DIRECTORS' DECLARATION

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

In the directors' opinion:

(a) the financial statements and notes and additional disclosures included in the directors' report set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 July 2011 and of its performance for the financial year ended on that date, and

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

(c) in the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Note 2(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

On behalf of the Board

Solomon Lew
Chairman

12th October 2011

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Independent auditor's report to the members of Premier Investments Limited

Report on the financial report

We have audited the accompanying financial report of Premier Investments Limited, which comprises the consolidated statement of financial position as at 30 July 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. the financial report of Premier Investments Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 July 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 July 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Premier Investments Limited for the year ended 30 July 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Glenn Carmody
Partner
Melbourne
12 October 2011

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CORPORATE GOVERNANCE STATEMENT

The Board of Premier Investments Limited ("Premier") is responsible for the corporate governance of the Group. The Board guides and monitors the business of Premier and its subsidiaries on behalf of its shareholders.

Premier and its Board continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of a cohesive set of corporate governance policies and practices as fundamental to Premier's successful growth.

The Board has included in its corporate governance policies those matters contained in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Recommendations") where applicable. However, the Board also recognises that full adoption of the ASX Recommendations may not be practical or provide the optimal result given the particular circumstances of Premier.

This corporate governance statement outlines Premier's corporate governance policies and practices for the 2010/11 financial year. Premier notes that on 30 June 2010, the ASX released amendments to the ASX Recommendations. While Premier is not required to comply with the new recommendations until its 2011/12 reporting year, Premier notes the ASX Corporate Governance Council's encouragement to companies to transition early and as such has begun implementing a number of changes in its corporate governance to comply with the amended ASX Recommendations.

In addition to the policies set out in this statement, Premier's wholly-owned subsidiary, Just Group Limited, has in place its own stringent corporative governance practices.

1 PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1. Role of the Board

The directors are responsible for protecting the rights and interests of Premier, its shareholders and other stakeholders, including creditors and employees.

The Board's key responsibilities are set out in its Board Charter and include:

- protecting and enhancing the value of the assets of Premier;
- setting strategies, directions and monitoring and reviewing against these strategic objectives;
- overseeing the conduct of Premier's business in order to evaluate whether Premier is adequately managed;
- identifying, assessing, monitoring and managing risk and identifying material changes in Premier's risk profile to ensure it can take advantage of potential opportunities while managing potential adverse effects;
- monitoring Premier's financial results;
- ensuring the significant risks facing Premier have been identified and adequate control monitoring and reporting mechanisms are in place;
- approval of transactions relating to acquisitions, divestments and capital expenditure above delegated authority limits;
- determining Premier's investment policy;
- approval of financial statement and dividend policy; and
- ensuring responsible corporate governance.

To assist in the execution of the above responsibilities, the Board had in place, throughout the financial year, an Audit and Risk Committee and a Remuneration and Nomination Committee. Both Committees have direct access to significant internal and external resources, including direct access to Premier's advisers, both internal and external, and are authorised to seek independent professional or other advice if required.

The Board has delegated the responsibility for compliance with the ASX's disclosure requirements and for shareholder communication to the Company Secretary. The Company Secretary uses information provided by the ASX and consults Premier's professional legal advisers in ensuring compliance with Premier's obligations with respect to the ASX Listing Rules and Corporate Governance Principles. Premier communicates with shareholders through announcements to the ASX, general meetings of shareholders, the annual report and through written and electronic correspondence from the Company Secretary from time to time.

1.2. Role of Management

Until such time that a Chief Executive Officer ("CEO") is appointed, the Board will continue to delegate the responsibilities allocated to the CEO to other persons, such:

- the recently appointed Chief Executive Officer of Premier Retail, Mark McInnes;
- the Chairman;
- external service providers including, without limitation, Century Plaza Trading Pty Ltd; and
- the existing management team at Just Group.

Under the Premier Board Charter, the CEO's responsibilities are:

- the day-to-day leadership and management of Premier;
- assisting the Board with the strategy and long-term direction of Premier;
- managing and overseeing the interfaces between Premier and the public and to act as the principal representative for Premier; and
- to report annually to the Board on succession planning and management development.

As such, these responsibilities have been delegated to the above people by the Board of Premier.

The Board will continually evaluate the performance of those carrying out the responsibilities of CEO in accordance with the Board Charter. The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.

2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board of Premier comprises eight directors. The members of the Board and their positions as at the date of this report are:

Name	Date Appointed	Position
Solomon Lew	31 March 2008	Non-Executive Chairman
Gary Weiss	11 March 1994	Non-Executive Director
Henry Lanzer	31 March 2008	Non-Executive Director
Lindsay Fox	1 April 1987	Non-Executive Director
Frank Jones	1 April 1987	Non-Executive Director
Michael McLeod	29 August 2002	Non-Executive Director
Tim Antonie	1 December 2009	Non-Executive Director
David Crean	1 December 2009	Non-Executive Director

Details of the respective directors' qualifications, skills, directorships and experience are set out in the Directors' Report at page 2.

2.1. Director Independence

ASX Recommendation 2.1 requires that the Board comprise a majority of independent directors. Directors are assessed as independent where they are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement.

The current structure of the Board does not comply with ASX Recommendation 2.1. During the 2010/11 financial year, there were two independent directors on the Board. The Board considers Messrs Weiss and Crean to be independent directors. While companies associated with Mr Fox are no longer substantial shareholders of Premier, the Board elected to continue to consider Mr Fox as a non-independent director during the 2010/11 financial year. In light of the fact that companies associated with Mr Fox are still significant shareholders (although not substantial shareholders for the purposes of the Corporations Act), Premier has decided to continue to consider Mr Fox as a non-independent director.

The Board is aware of ASX Recommendation 2.1 and is confident that proper processes are in place through its Board Charter to address needs and expectations with respect to decision-making and the management of conflicts of interest. The directors on the Board of Premier all add significant value and expertise in a variety of fields. Given Premier's unique circumstances and history, a majority independent Board is not the most appropriate means for achieving Premier's strategic objectives and promoting shareholder value.

2.2. Chairman of the Board

Mr Lew is Chairman of the Board, which does not comply with ASX Recommendation 2.2 that the chair should be an independent director. The Board believes that Mr Lew's position as a director of Premier's major shareholder, Century Plaza Investments Pty Ltd, does not prevent him from carrying out his responsibilities as Chairman of the Board. Given Mr Lew's industry experience, skills, expertise and reputation, and his relationship with Premier as its founder, the Board feels that Mr Lew adds most value to the Board as its Chairman and is the most appropriate person for the position.

2.3. Nomination Committee

During the 2010/11 year, Premier maintained a nomination committee in accordance with ASX Recommendation 2.4.

The Remuneration and Nomination Committee supports and advises the Board on the nomination policies and practices of Premier. The committee consists of three members, all of whom are non-executive directors.

The nomination purposes of the committee include:

- reviewing and providing recommendations of plans of succession for executives, non-executive directors and Premier's Chief Executive Officer (when appointed);
- establishing and maintaining a formal procedure for the selection and appointment of directors to the Board;
- undertaking regular reviews of the structure and size of the Board to ensure that the Board continues to have a mix of skills and experience necessary to conduct Premier's business and to make any consequential recommendations to the Board; and

- identifying, assessing the suitability of, and investigating the backgrounds of, individuals qualified to become directors and making recommendations to the Board about potential nominees.

The Remuneration and Nomination Committee intends to maintain the diversity of knowledge, skills and experience on the Premier Board across the areas of retailing and manufacturing, accounting, finance, transport, government and law. The Remuneration and Nomination Committee met once during the year.

2.4. Independent Advice

Directors are free to take independent professional advice on matters pertaining to their roles and responsibilities as directors of Premier. Premier may pay the reasonable costs incurred by a director in doing so, provided that before the advice is obtained the director discusses the requirement for the advice with the Chairman.

2.5. Term of Office

Premier's Constitution specifies that all directors must retire from the office at no later than the third Annual General Meeting following their last election. Where eligible, a director may stand for re‑election. The Board shall undertake regular performance evaluation of itself that:

- evaluates the effectiveness of the Board as a whole, and that of individual directors;
- compares the performance of the Board with the requirements of its Charter;
- sets forth the goals and objectives of the Board for the upcoming year; and
- effects any improvements to the Board charter deemed necessary or desirable.

The performance evaluation shall be conducted in such manner as the Board deems appropriate and may involve the use of an external consultant.

3 PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION‑MAKING

3.1. Code of Conduct

The Board insists on the highest ethical standards from all officers and employees of Premier and is vigilant to ensure appropriate corporate professional conduct at all times.

Standards by which all officers, employees and directors are expected to act are contained in the Board Charter and the Premier share trading policy. They include:

- insider trading and employee security trading;
- conflicts of interest; and
- confidentiality and privacy policy.

Just Group Limited also has its own formal code of conduct, outlining the standards by which its employees are expected to act.

ASX Recommendation 3.1 asks that a company also disclose its code of conduct or a summary of that code. Premier has implemented a formal code of conduct and this code is available on the Premier website.

3.2. Diversity Policy

Premier has been consulting a wide range of stakeholders in relation to the development of a comprehensive diversity policy and will disclose the policy once it is complete. Premier intends to disclose the measurable objectives for gender diversity and its progress towards achieving them in future annual reports.

With 91% of employees being female, Premier demonstrates a clear commitment to gender diversity in the workplace. The proportion of females in senior leadership positions is 70%, while 58% of executives are female.

4 PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1. Audit Committee

In accordance with ASX Recommendation 4.1, the Board has established an Audit and Risk Committee.

This committee's role and responsibilities, as well as composition, structure and membership requirements, are set out in a formal charter approved by the Board, in accordance with ASX Recommendation 4.3. This committee supports and advises the Board in fulfilling its corporate governance and oversight responsibilities in relation to Premier's financial reporting, internal control structures, ethical standards and risk management framework and systems. The Audit and Risk Committee's prime responsibilities under its charter include:

- reviewing the appropriateness of the accounting policies and principles, any changes to those policies and principles and the methods of applying them to ensure that they are in accordance with Premier's stated financial reporting framework;
- reviewing the nomination, performance, independence and competence of the external auditor;
- meeting periodically with key management, external auditors and compliance staff to understand Premier's control environment; and
- examining and evaluating the effectiveness of the internal control system with management and external auditors.

The committee consists of three members, who as at the date of this report are:

Name	Date Appointed	Position in Committee
David Crean	1 August 2010	Chairperson
Frank Jones	7 September 1995	Non-Executive Director
Gary Weiss	1 August 2010	Non-Executive Director

Details of the respective directors' qualifications, skills, directorships and experience are set out in the Directors' Report at page 2.

4.2. Composition

The composition of the Audit and Risk Committee satisfies ASX Recommendation 4.2. The committee comprises a majority of independent directors and the chair of the committee is also independent.

The Audit and Risk Committee will meet as frequently as required to undertake its role effectively. During the 2010/11 financial year, the Audit and Risk Committee met three times.

The CEO is invited to attend each scheduled meeting of the Audit and Risk Committee and a standing invitation is issued to the external auditors.

Directors who are not members of the Audit and Risk Committee are notified of all meetings and may attend if they wish. Other senior managers and external advisers may also be invited to attend meetings of the Audit and Risk Committee. The Audit and Risk Committee may request management and/or others to provide such input and advice as required.

The Board has received a written statement from the CEO of Premier Retail and Company Secretary that Premier's financial reports present a true and fair view in all material respects of Premier's financial condition and operational results and in accordance with relevant accounting standards.

5 PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

During the 2010/11 financial year, Premier maintained a policy to ensure that it complied with its continuous disclosure obligations under the ASX Listing Rules, the ASX Recommendations and the Corporations Act, and to ensure that all investors have equal and timely access to material and price sensitive information. This policy is contained in Premier's Board Charter which is summarised on the Company's website.

6 PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Premier endeavours to encourage and promote effective communication with its shareholders, as prescribed by ASX Recommendation 6.1. Premier's Constitution sets out the procedures to be followed regarding:

- the convening of meetings;
- the form and requirements of the notice;
- the chairperson and quorums; and
- the voting procedures, proxies, representations and polls.

Premier's strategy is to ensure that shareholders, regulators and the wider investment community are informed of all major developments affecting Premier in a timely and effective manner. Information is communicated in a number of ways including:

- annual and half-yearly reports;
- market disclosures in accordance with the continuous disclosure protocol;
- updates on operations and developments;
- announcements on Premier's website; and
- market briefings and presentations at general meetings.

Shareholders are encouraged to attend and participate at general meetings. To facilitate this, meetings are held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials are included on Premier's website. Information is presented in a clear and concise manner designed to provide shareholders and the market with full and accurate information.

7 PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Board has overall responsibility to ensure that there is a sound system of risk management and internal control across the business. One of the primary responsibilities of the Board is to identify, assess, monitor and manage risk and identify material changes in Premier's risk profile to ensure Premier can take advantage of potential opportunities while managing potential adverse effects.

7.1. Audit and Risk Committee

The Board has delegated responsibility for the identification, assessment and management of risks relating to both internal and external controls on Premier to the Audit and Risk Committee. The risk management functions of the Audit and Risk Committee include:

- examining and evaluating the effectiveness of the internal control system with management and external auditors;
- assessing existing controls that management has in place for unusual transactions or transactions that may carry more than an accepted level of risk;
- meeting periodically with key management, external auditors and compliance staff to understand Premier's control environment;
- receiving reports concerning all suspected and actual frauds, thefts and breaches of the law; and
- assessing and ensuring that there are internal processes for determining and managing key areas, such as important judgments and accounting estimates.

7.2. CEO Assurance

The CEO of Premier Retail has provided assurance to the Board that:

- the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- Premier's risk management system is operating effectively in all material aspects in relation to financial reporting risks.

7.3. Management

The responsibility for managing risk on a day-to-day basis is that of the management of each business operation, although independent risk management audits of site operations are carried out regularly and a report will be prepared annually for the Board reviewing the risk management and insurances of the Company.

8 PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1. Remuneration Committee

During the 2010/11 financial year, Premier maintained a formal remuneration committee in accordance with ASX Recommendation 8.1. The Remuneration and Nomination Committee will support and advise the Board on the remuneration policies and practices of Premier. The Remuneration and Nomination Committee consists of three members, all of whom are non-executive directors. The remuneration purposes of the committee include:

- review and make recommendations to the Board on remuneration packages and policies applicable to senior executives and directors;
- define levels at which the Chief Executive Officer must make recommendations to the committee on proposed changes to remuneration and employee benefit policies;
- ensure that remuneration packages and policies attract, retain and motivate high calibre executives; and
- ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.

The Remuneration and Nomination Committee consists of the following three members

Name	date Appointed	Position in Committee
Solomon Lew	23 September 2008	Chairperson
Henry Lanzer	23 September 2008	Non-Executive Director
Gary Weiss	23 September 2008	Non-Executive Director

The Remuneration and Nomination Committee met once during the year.

The Board is considering the recently introduced ASX recommendation 8.2, which requires that its remuneration committee should consist of a majority of independent directors with an independent chair, with a view to complying with that recommendation when it comes into effect.

ASX ADDITIONAL INFORMATION AS AT 3 OCTOBER 2011

TWENTY LARGEST SHAREHOLDERS

NAME	TOTAL	% IC	RANK
CENTURY PLAZA INVESTMENTS PTY LTD	51,569,400	33.26%	1
J P MORGAN NOMINEES AUSTRALIA LIMITED	15,739,430	10.15%	2
NATIONAL NOMINEES LIMITED	13,907,851	8.97%	3
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,981,274	7.73%	4
METREPARK PTY LTD	8,235,331	5.31%	5
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PIPOOLED A/C>)	5,014,774	3.23%	6
CITICORP NOMINEES PTY LIMITED	4,978,815	3.21%	7
LINFOX SHARE INVESTMENT PTY LTD	4,569,986	2.95%	8
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	4,200,000	2.71%	9
COGENT NOMINEES PTY LIMITED	3,622,889	2.34%	10
DANCETOWN PTY LTD	3,000,000	1.93%	11
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,605,192	1.68%	12
UBS NOMINEES PTY LTD	1,714,284	1.11%	13
SPRINGSAND INVESTMENTS PTY LTD	1,437,699	0.93%	14
ARGO INVESTMENTS LIMITED	1,250,000	0.81%	15
ALLJET INVESTMENTS PTY LTD	1,007,028	0.65%	16
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <GSAM A/C>	846,718	0.55%	17
DJERRIWARRH INVESTMENTS LIMITED	837,690	0.54%	18
QUEENSLAND INVESTMENT CORPORATION	797,467	0.51%	19
WARBONT NOMINEES PTY LTD <SETTLEMENT ENTREPOT A/C>	748,157	0.48%	20
TOTAL FOR TOP 20:	138,063,985	89.04%	

SUBSTANTIAL SHAREHOLDERS

NAME	TOTAL UNITS	% IC
CENTURY PLAZA INVESTMENTS PTY LTD AND ASSOCIATES	58,552,420	42.43%
PERPETUAL LIMITED AND ITS SUBSIDARIES	17,283,689	11.15%
IOOF HOLDINGS LIMITED	11,004,407	7.48%

DISTRIBUTION OF EQUITY SHAREHOLDERS

	1 TO 1,000	1,001 TO 5,000	5,001 TO 10,000	10,001 TO 100,000	100,001 TO (MAX)	TOTAL
Holders	4,161	1,983	258	161	37	6,600
Shares	1,541,675	4,651,155	1,957,378	4,048,891	142,863,833	155,062,932

The number of investors holding less than a marketable parcel of 96 securities ($5.24 on 3 October 2011) is 358 and they hold 15,447 securities.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

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CORPORATE DIRECTORY

A.C.N. 006 727 966

DIRECTORS
Solomon Lew (Chairman)
Frank W. Jones (Deputy Chairman)
Lindsay E. Fox
Henry Lanzer
Michael R.I. McLeod
Dr Gary H. Weiss
Timothy Antonie
Dr David Crean

COMPANY SECRETARY
Kim Davis

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BANKERS
Australia and New Zealand Banking Group Limited
National Australia Bank
Commonwealth Bank of Australia
Westpac Bank Limited

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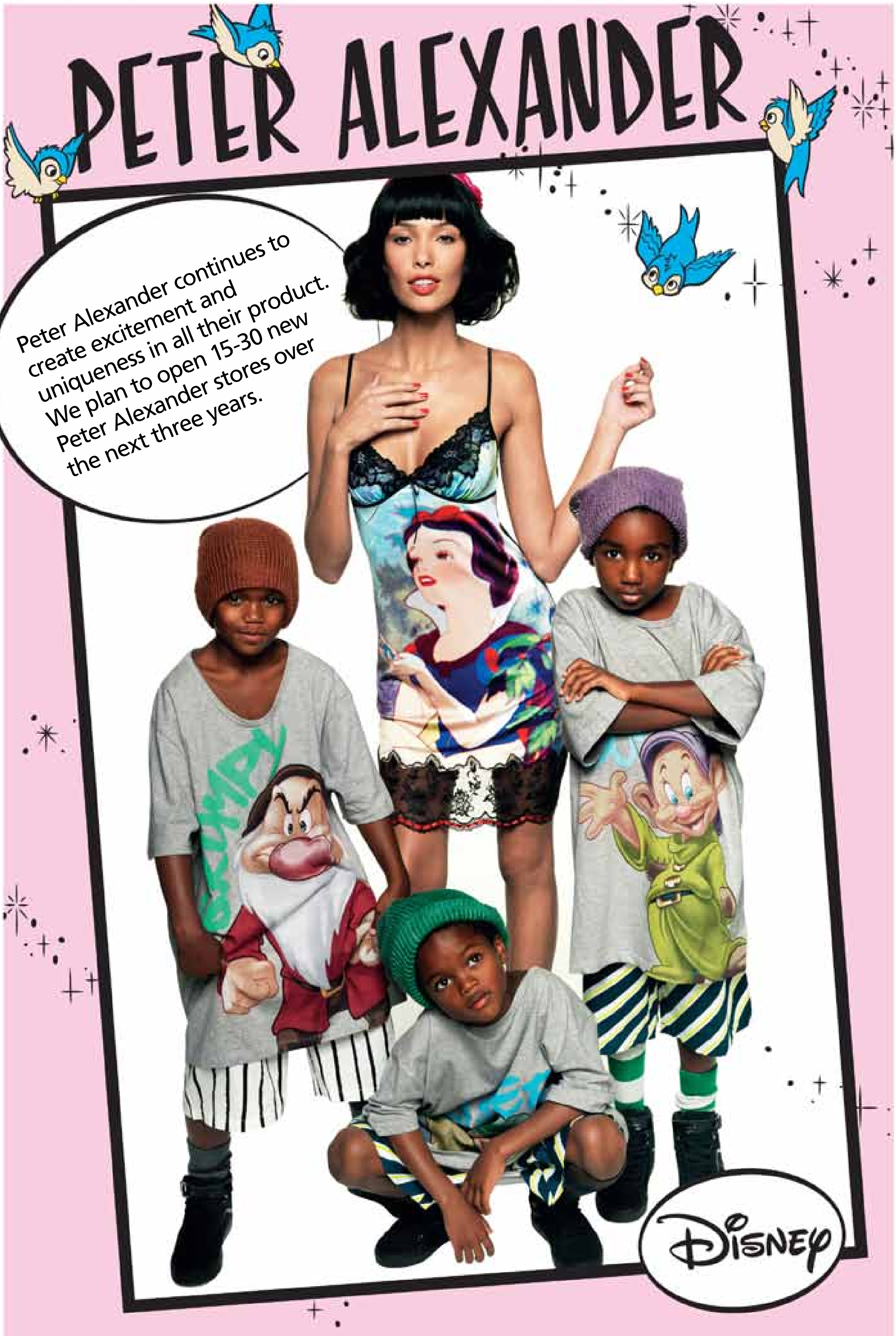
PETER ALEXANDER
Peter Alexander continues to create excitement and uniqueness in all their product. We plan to open 15-30 new Peter Alexander stores over the next three years.
Disney

In September 2011 we launched our new 2 for $100 core denim campaign. Once again demonstrating Just Jeans' leadership in great fashion denim at value prices.