PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

Annual Report 2013

Mark McInnes
CEO Premier Retail

Solomon Lew
Chairman

FRONT COVER: Features Jessica Hart, International model and Portmans Brand Ambassador.

Chairman's Report

It is a pleasure to provide our shareholders with the Premier Investments Limited ('Premier') Annual Report for the year ended 27 July 2013. Despite the continuation of low consumer confidence driven by cost of living pressures and economic uncertainty, Premier continued to deliver against its strategy. This has enabled your Board to once again report improved financial performance and improved returns.

Premier reported profit after tax of $174.5 million for the financial year after taking into account the $105.2 million one-off accounting reclassification gain related to the requirement that Premier commence equity accounting its holding in Breville Group Limited. Setting aside this one-off gain, Premier Retail achieved an increase in sales and profit despite the challenging operating environment. This is a testament to the strength of our management team and their strong performance in implementing our retail strategy, a clear focus on cost control and rejuvenating our offer to customers.

I am very pleased to report that as a result of this performance, your Board has decided to increase dividends, with a final fully franked payment of 19 cents, taking our annual dividends to 38 cents per share fully franked – an increase of 2 cents per share over the previous year. Pleasingly, Premier has been able to both increase its returns to shareholders while also improving its year end cash-on-hand (now $313.2 million) and reducing year end debt at the Premier Retail (Just Group) level (now $102.0 million). We continue to maintain strong cash reserves for growth opportunities. Premier's balance sheet was further enhanced by the strong result from Breville Group Limited during the year. Premier's year end balance sheet reflects the investment in associate (Breville) at $184.1m. At the date of releasing our full year results, the value of Premier's holding in Breville was approximately $286.7 million[1].

PREMIER RETAIL PERFORMANCE

Premier Retail (The Just Group) delivered strong profit before tax of $76.7 million, up 9.6% on last year as management showcased consistent and improving business performance under the six-point transformation plan:

» rejuvenating our core apparel brands;
» an organisation-wide cost efficiency program;
» focusing on expanding our gross margin;
» expanding and growing our internet business;
» growing Peter Alexander significantly; and
» growing Smiggle significantly.

Premier's transformation plan is focused on delivering an exciting and enticing offer to the customer in a way that is convenient and relevant to them, while also working hard to control costs, and using those savings to invest in the next wave of growth.

INVESTING FOR GROWTH

As Premier Retail continues to progress its transformation plan into the 2014 financial year, your Board is proud to support a phase of investment in the future growth of Premier Retail.

Smiggle international expansion

Firstly, I am delighted to inform my fellow shareholders that Premier will be introducing Smiggle into the UK market, with our first store scheduled to open at Westfield Stratford in February 2014. The UK market for personal stationery is valued at $2.4 billion per annum and Smiggle will be a unique and exciting new entrant that we are confident will attract a loyal customer base. Your Board believes the potential for Smiggle in the UK could quickly surpass the size, scale and profitability of the current Australian network.

The Board has been pleased with the immediate and impressive success that strategic expansion into Singapore has realised to date, and we recognise the major and unique growth opportunity this represents for Premier Retail. Since establishing Smiggle in Singapore in 2011, the business has rolled out 17 stores and was country profitable in under one year.

Peter Alexander growth platform

Following a strategic review, Peter Alexander is embarking on a new growth strategy designed to deliver significant profit growth over the next three years. Your management team is focused on:

» rolling out additional stores in high-value locations;
» developing flagship stores to support the brand identity;
» launching a childrenswear range;
» leveraging an exclusive relationship with Myer; and
» driving online and mobile sales.

[1] Based on BRG closing price of $8.57 as at 16 September 2013

Chairman's Report continued

Strategic supply chain investments

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

The review led to three key outcomes, all of which are exciting investments in the future of this company. Premier has established a new distribution centre in Singapore to service our current network of 17 Smiggle stores as well as our future growth aspirations in the region. This centre is operated by a leading global logistics partner and we hope that this model will form the basis for similar partnership arrangements as we continue to expand internationally.

In addition, Premier has reconfigured its distribution centre in New Zealand to align this facility to the business requirements going forward. We will soon increase the facility's efficiency even further by bringing our internet fulfillment operations for New Zealand into this facility.

Thirdly, and most significantly, a new national distribution centre for Australia, located in Truganina outside Melbourne, is being developed for the group and will be acquired by Premier upon completion. This will be a much larger and more efficient centre and will replace our existing NSW and Victorian sites. The national distribution centre will provide the capacity to support Premier Retail's growth plans across all of its brands and all of its sales channels, including the rapid growth of our online business.

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

Your Board recognises the importance of owning and controlling distribution and logistics in an environment where multi-channel sales are vital to our success.

STRONG POSITION & PLEASING PROGRESS, BUT MORE TO DO

We have now reached the stage where all of our brands and SKU's are available online through a worldclass platform that integrates mobile sites. Premier is a leader in this channel and our growth in online sales this year of 36.5% is testament to the way in which our team has embraced the opportunity of online.

We recognise there is a great deal of potential in Premier's existing portfolio of iconic brands and we are committed to realising the inherent value that exists across Premier's retail portfolio. There is still more work to be completed on our core brands and our efficiency program and this work will be ongoing.

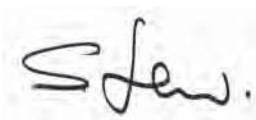
As part of our overall strategy, Premier also continues to consider opportunities that may arise in the market. However, your Board remains patient and disciplined and we will only act on acquisitions where we see a long-term benefit for our fellow shareholders.

My fellow shareholders will be pleased to know that their company has the balance sheet strength and the management expertise to ensure that Premier reaches its full potential.

I want to thank Mark McInnes, his senior team, as well as our 6,000 talented employees across Australasia and Singapore for delivering such a great result. I look forward to welcoming our new colleagues in the UK during the coming year.

I would also like to thank my fellow directors for their dedication and service during the past year and for the experience, support and guidance they provide.
I encourage all shareholders to attend the Annual General Meeting on 21 November 2013.

I look forward to 2014 being a year of growth and continuing strong performance for Premier.



Solomon Lew
Chairman and Non-Executive Director

The Directors

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Chairman and
Non-Executive Director

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

Timothy Antonie
Non-Executive Director

David M. Crean
Non-Executive Director

Lindsay E. Fox AC
Non-Executive Director

Sally Herman
Non-Executive Director

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

Mark McInnes
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 as 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 is also a non-executive director of Village Roadshow Limited and Interactive Pty Limited.

David M. Crean

Dr. Crean was appointed Chairman of the Hydro Electric Corporation (Hydro Tasmania) in September 2004. He is also Chairman 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 3.5 million square metres of warehouses and a fleet of more than 6,000 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.

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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.

Sally Herman

Ms. Sally Herman has more than 25 years' executive experience in financial services in both Australia and in the United States, including 16 years with the Westpac Group running major business units in almost every operation division of the Group. Ms Herman ran corporate Affairs and sustainability for Westpac during the merger with St George. Prior to Westpac, she held senior roles at Macquarie Bank.

Ms. Herman now is a company director and consultant, and sits on the board of Breville Group Limited, ME Bank Pty Limited, FSA Group Limited, and is chairman of Urbis Pty. Ltd., a large urban planning and property advisory firm. She also sits on several not for profit boards, including the State Library of NSW Foundation.

Ms. Herman holds a BA from University of NSW and is a Graduate of the Australian Institute of Company Directors.

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 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.

Mark McInnes

Mr. McInnes is a career retailer with a long track record of success in every role he has occupied. Like many great retailers, Mark started his career from the shop floor as a company cadet for Grace Brothers. Mark has been directly responsible for some of Australia's greatest retail success stories – including as a co-founder of the Officeworks concept which is today Australia's largest office supply superstore.

Prior to joining Premier, Mark led David Jones to its most successful time as a public listed company. Mark spent 13 years at David Jones – 6 years as Merchandise & Marketing Director and 7 years as CEO. From 2003 to 2010, Mark as CEO and Executive Director of David Jones turned the company into a fashion and financial powerhouse, creating in excess of $2 billion of shareholder value.

Mark was appointed CEO of Premier Retail in April 2011, and has set about transforming the company to compete in an industry under great structural pressure. Premier Retail today has a clear path and a clear focus.

In December 2012, Mark was appointed as an Executive Director of Premier Investments Limited. Mark has an MBA from Melbourne University.

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 Clearview Wealth Limited and Secure Parking Pty. Ltd, Executive Director of Ariadne Australia Ltd, and a director of Premier Investments Limited, Ridley Corporation Ltd, Mercantile Investment Company Limited, Pro-Pac Packaging Limited, Tag Pacific Limited, Victor Chang Cardiac Research Institute and The Centre for Independent Studies. He was chairman of Coats Plc from 2003 until April 2012 and 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

All of the opportunities outlined in the July 2011 strategic review showed great progress in FY13.

	Focus Area	Status	
1	Rejuvenate and reinvigorate all five core apparel brands.	✓	Great progress was made in continuing to reinvigorate our core brands in FY13. Dotti, Jacqui E and Portmans all delivered pleasing results and significant improvement in brand profitability. Whilst disappointed with both Just Jeans and Jay Jays, management is confident it can continue to improve the performance of these brands.
2	Organisation-wide cost efficiency program.	✓	Continued to deliver outstanding results in FY13. We operate in an industry with severe inflationary pressures and despite this, our CODB on established brands continued to reduce.
3	Two phase gross margin expansion program.	✓	Gross margin expanded by 117 basis points in FY13. Significant gains were made in strategic partnership with vendors, diversifying our international sourcing base, continued benefits in transition of local supply chain for Portmans and Jacqui E, as well as material benefits emerging in our outlet profitability.
4	Expand and grow the internet business.	✓	Total sales for the channel grew 36.5% well above the industry average. We have maintained a local leadership position on delivering internationally competitive websites with next day delivery, Australia wide. All brands have mobile sites which has delivered outstanding results. We will continue to invest in this channel to reach our aspiration of 10% of sales.
5	Grow Peter Alexander significantly.	✓	Peter Alexander achieved outstanding results in FY13. Total sales were up 17.7%. Premier Retail views Peter Alexander as a key growth engine over the next three years and as part of the FY13 result, we announced plans to increase our business by 40-50% between FY14 and FY16.
6	Grow Smiggle significantly.	✓	Smiggle grew 14.5% last year and our Singapore performance has been exceptional with 17 stores now trading. We continue to have ambitious growth plans for Smiggle and have announced our entry into the UK in calendar 14. The UK market has enormous potential with the personal stationery market valued at $2.4 billion. Management forecasts the potential for approximately 200 stores with sales and profitability far exceeding the Australian Smiggle network.

Brand Performance Premier Retail

peteralexander

Peter Alexander delivered exceptional growth of 17.7% in FY13. Judy Coomber, Group General Manager of Peter Alexander joined in March 2013. Judy is an outstanding retail executive with a long track record of success. Judy's last role was as Group General Manger – Merchandise for Myer. Under Judy and Peter's stewardship, the brand has ambitious growth plans.

smiggle®

Smiggle achieved strong growth in 2013 with total sales up 14.5%. Premier Retail continues to make investment in this brand and has announced expansion into the UK in calendar 2014. Premier Retail see Smiggle as a truly international brand. John Cheston has a proven track record of retail success in both the UK and key Asian markets.

dotti

Dotti, led by David Bull, had an exceptional year with sales growth of 7.3% for FY13. The brand has a world class digital and mobile platform and has led the way in the local market in offering our customers a multi-channel experience. Premier Retail has invested in store and fixture upgrades to maximise our result.

portmans

Portmans continues to go from strength to strength under Jade Holgate's leadership. In 2013 world famous Jessica Hart was appointed as Brand Ambassador and the brand has achieved strong sales growth and material profit improvement.

JACQUI·E

Jacqui E has delivered a material profit improvement in FY13 under Karen Russell's leadership. The brand has a clear customer focussed strategy, new sourcing initiative and in-store fixture upgrades which have all contributed to the result. Tara Moss as the Brand Ambassador continues to connect with our core customer.

Just Jeans®

Whilst disappointed with our Winter FY13 result, Premier Retail has been quick to appoint a new Group General Manager for Just Jeans. Matthew McCormack joined in August 2013. Matthew's last role was as Fashion Director for John Lewis in the United Kingdom. Matthew will bring strong product assortment strategies to Just Jeans combined with international market leading business process. The brand is well placed to grow.

JayJays

The Jay Jay's turnaround journey remains on track. Led by Colette Garnsey, the Core Brand Director, Jays is investing in people, store fixtures, trial concepts and significantly improving the performance of the brand. Whilst much work needs to be done, Premier Retail is confident the brand can turn around.

Internet

» Premier Retail continues to invest in people and technology.
» The company achieved 36.5% growth in FY13 significantly out-performing the industry.
» The company continues to invest in this multi channel platform to achieve an aspirational target of 10% of sales.

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

Financial Report

For the Period
29 July 2012 to 27 July 2013

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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 27 July 2013.

The directors present their report together with the consolidated financial report of Premier Investments Limited (the "Company") and its controlled entities for the period 29 July 2012 to 27 July 2013, 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 as 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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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 10 July 2008 for Mr. Jones. Mr. Davis has been the Company Secretary of Premier Investments Limited for 19 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, Singapore, 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 2013	19.00	29,499
Dividends paid in the year: Interim for the half-year	19.00	29,499
Final for 2012 shown as recommended in the 2012 report	18.00	27,947

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 is further developing its operations in Singapore, by expanding its Smiggle brand with the opening of a further 4 stores during the 2013 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 980 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 2013 financial year was $174,473,000 (2012: $68,248,000), which reflects a 155.7% increase compared to last year. The current year's net profit after income tax includes a net reclassification adjustment of $105,151,000. The adjustment relates to the cumulative fair value gain on available-for-sale financial assets reclassified from equity to profit and loss. The reclassification is as a result of a change in accounting for the Group's investment in Breville Group Limited. In the current year, the investment is classified as an investment in associate, which is accounted for using the equity method of accounting. The investment was classified as an available-for-sale financial investment in prior financial years, and was accounted for at fair value as at the relevant reporting date.

Excluding the net reclassification adjustment, the Group's net profit after income tax for the 2013 financial year was $69,322,000, which reflects a 1.6% increase 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. The Retail Segment contributed $76.7 million to the Group's net profit before tax, up 9.6% on last year. In addition to Just Group the other main 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.

	2013	2012	2011	2010	2009
Basic earnings per share (cents)	112.37	43.97	26.13	52.78	62.44
Dividend paid per share (cents)	37.0	36.0	36.0	66.0	75.0
Return on equity (%)	13.42%	5.46%	3.39%	6.57%	7.17%
Net debt/equity ratio (%)	(16.24)%	(13.69)%	(14.58)%	(17.81)%	(20.18)%

SHARES ISSUED DURING THE FINANCIAL YEAR

No shares were issued during the year pursuant to Group's 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 27 July 2013.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

On 16 September 2013, the directors of Premier Investments Limited declared a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend is $29,499,000 and is a fully franked dividend. The dividend has not been provided for in the 27 July 2013 financial statements.

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 27 July 2013 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 2,064,497 unissued ordinary shares under options/performance rights (2,212,962 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:

No shares were issued as a result of the exercise of options during the financial year and to the date of this report.

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**
F.W. Jones	197,592 ordinary shares
L.E. Fox	5,577,014 ordinary shares
H.D. Lanzer	27,665 ordinary shares
M.R.I. McLeod	28,186 ordinary shares
G. H. Weiss	10,000 ordinary shares
M. McInnes	1,200,000 performance rights

**Mr. Lew is an associate of Century Plaza Investments Pty. Ltd. and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 59,804,731 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' REPORT
(CONTINUED)

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	7	7	-	-	1	1
Mr F W Jones	7	7	4	4	-	-
Mr M McInnes	4	4	-	-	-	-
Mr T Antonie	7	7	3	-	-	-
Dr D Crean	7	7	4	4	-	-
Mr L E Fox	7	7	-	-	-	-
Ms S Herman	7	7	4	-	-	-
Mr H D Lanzer	7	7	3	-	1	1
Mr M R I McLeod	7	7	-	-	-	-
Dr G H Weiss	7	7	4	4	1	1

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 20 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.

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

(i) Non-Executive 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
Ms. S. Herman	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) Executive Directors

Mr. M. McInnes (Appointed 1 December 2012)	Executive Director and Chief Executive Officer Premier Retail

(iii) Executives

Mr. K.F. Davis	Company Secretary and Non-Executive Alternate Director
Mr. A. Gardner	Chief Financial Officer, Just Group Limited
Ms. C. Garnsey (Appointed 20 September 2012)	Core Brand Director, Just Group Limited
Ms. R. Kelly (Resigned 12 April 2013)	Retail Director, 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 directors 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.

Current total remuneration for non-executive directors remains below the shareholder approved limit. The Chairman of the Group, consistent with his past practice, has declined to accept any remuneration for his role director.

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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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)
- 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 15 and 16 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 any additional cost for the Group.

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 2013 and 2012 STI targets were based on a number of individual KPI's and growth in Group EBIT.

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. It is the intention that discretionary bonuses only be given in exceptional circumstances when in the best interest of the Group.

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").

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

The initial grant under the PRP to senior executives was made on 26 June 2009. During the current financial period, grants were made on 12 April 2013 and 18 April 2013. 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 over the testing period 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. Relative TSR is to be compared to a group of companies consisting of those in the S&P/ASX 200 Industrials, excluding overseas and resource companies. The Group receives an independent assessment of whether the performance criteria are met.

The actual number of shares, if any, provided to participants will depend on the extent to which the performance condition has been met. The first condition required for any shares to vest is that the TSR over the testing period is positive. 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, with the exception of grants given to Mr Mark McInnes and Ms Colette Garnsey. The performance rights issued on 10 May 2011 to Mr McInnes are eligible to vest in three tranches, on 4 April 2014, 4 April 2015 and 4 April 2016. The performance rights issued to Ms Garnsey on 18 April 2013 were issued to replace certain performance rights that she was entitled to in her previous employment. The performance rights issued to Ms Garnsey are eligible to vest in three tranches on 20 June 2015, 20 June 2016 and 20 June 2017. Any rights which do not vest but the TSR was between the 40th and 50th percentile, may be retested once, 12 months after the initial 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 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.

PERFORMANCE RIGHTS TESTED DURING THE 2013 FINANCIAL YEAR

During the 2013 financial year, a tranche of 407,576 LTI performance rights issued during the 2010 financial year was tested. 267,587 of these performance rights lapsed due to the respective executives no longer being employed by the company.

The Group received an independent assessment of the performance over the three year testing period. The independent assessment concluded that the minimum threshold for conversion was not met, nor was the minimum requirement met for re-testing after 12 months. As a result, 139,989 LTI performance rights lapsed.

PERFORMANCE RIGHTS TESTED DURING THE 2012 FINANCIAL YEAR

During the 2012 financial year, a tranche of 605,777 LTI performance rights issued during the 2009 financial year was tested. 425,443 of these performance rights lapsed due to the respective executives no longer being employed by the company.

The testing period began on 1 October 2008. At this date, Premier Investment's share price was $4.05 per share. During the three year testing period, Premier Investments declared a total of $1.77 per share in fully franked dividends. The historical data concerning the Group in respect of the 2012 financial period and the three previous financial periods is set out on page 7 under the heading 'Group Performance'. The testing period ended on 1 October 2011 when the share price was $5.24 per share.

The Group received an independent assessment of the performance over the three year testing period. The assessment concluded that Premier Investments' TSR was both positive and above the 90th percentile of the comparator group.

As a result of the independent assessment, 81,545 performance rights vested and converted into 81,545 newly issued Ordinary Shares. This is in line with the LTI scheme rules and represented a 100% conversion ratio for those individual executives.

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:

	Short term			Post employment		Share based		
2013	Salary/Fee $	Cash $	Non-Monetary Benefits $	Superannuation $	Termination $	Long-term incentives $	Total $	Performance related %
Non-executive directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. F. W. Jones	115,556	-	-	4,444	-	-	120,000	-
Mr. T. Antonie	73,381	-	-	6,619	-	-	80,000	-
Dr. D. Crean	110,071	-	-	9,929	-	-	120,000	-
Mr. L. E. Fox	73,381	-	-	6,619	-	-	80,000	-
Ms. S Herman	73,381	-	-	6,619	-	-	80,000	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. M. R. I. McLeod	73,381	-	-	6,619	-	-	80,000	-
Dr. G. H. Weiss	73,381	-	-	6,619	-	-	80,000	-
Total non-executive directors	672,532	-	-	47,468	-	-	720,000	
Key management personnel								
Mr. M. McInnes	1,975,000	-	-	25,000	-	643,943	2,643,943	24.36
Mr. K. F. Davis	413,805	25,000	-	16,580	-	-	455,385	5.49
Mr. A. Gardner	475,497	180,000[4]	57,925	16,579	-	94,549	824,550	11.47
Ms. C. Garnsey[2]	664,932	200,000[5]	-	20,886	-	33,678	919,496	3.66
Ms. R. Kelly[3]	427,605	-	-	11,422	200,000	-	639,027	-
Total executive	3,956,839	405,000	57,925	90,467	200,000	772,170	5,482,401	
TOTAL 2013	4,629,371	405,000	57,925	137,935	200,000	772,170	6,202,401	

1 Mr Lanzer's director's fees were paid to Arnold Bloch Leibler 2 Appointed 20 September 2012 3 Resigned 12 April 2013 4 Mr Gardner received a cash payment as compensation for a change of his contract.

5 Ms Garnsey received a one-off payment of $200,000 on signing of her contract with the Group. The payment was made as part compensation for benefits she would have been entitled to from her prior employer.

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

	Short term			Post employment		Share based		
2012	Salary/Fee	Cash	Non-Monetary Benefits	Superannuation	Termination	Long-term incentives	Total	Performance related
	$	$	$	$	$	$	$	%
Non-executive directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. F. W. Jones	120,000	-	-	-	-	-	120,000	-
Mr. T. Antonie	73,395	-	-	6,605	-	-	80,000	-
Dr. D. Crean	110,092	-	-	9,908	-	-	120,000	-
Mr. L. E. Fox	75,586	-	-	4,414	-	-	80,000	-
Ms. S Herman	39,520	-	-	9,673	-	-	49,193	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. M. R. I. McLeod	48,930	-	-	31,070	-	-	80,000	-
Dr. G. H. Weiss	73,395	-	-	6,605	-	-	80,000	-
Total non-executive directors	620,918	-	-	68,275	-	-	689,193	
Key management personnel								
Mr. M. McInnes	1,975,000	-	-	25,000	-	643,943	2,643,943	24.36
Mr. K. F. Davis	384,801	150,000	-	15,775	-	-	550,576	27.24
Mr. A. Gardner	402,086	-	62,243	15,939	-	111,620	591,888	18.86
Ms. R. Kelly[3]	484,061	-	-	15,939	-	-	500,000	-
Total executive	3,245,948	150,000	62,243	72,653	-	755,563	4,286,407	
TOTAL 2012	3,866,866	150,000	62,243	140,928	-	755,563	4,975,600	

1 Mr Lanzer's director's fees were paid to Arnold Bloch Leibler 2 Appointed 20 September 2012 3 Resigned 12 April 2013 4 Mr Gardner received a cash payment as compensation for a change of his contract.

5 Ms Garnsey received a one-off payment of $200,000 on signing of her contract with the Group. The payment was made as part compensation for benefits she would have been entitled to from her prior employer.

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Rights awarded and vested during the year (Consolidated):

	Terms and conditions for each Grant during the year						Rights vested during the year	
2013	Rights awarded during the year No.	Award date	Fair value per right at award date $	Expiry date	First exercise date	Last exercise date	No.	%
Key management personnel								
Mr. A. Gardner	95,321	12-Apr-2013	2.885	01-Oct-2016	01-Oct-2015	01-Oct-2016	-	-
Ms. C Garnsey	240,000	18-Apr-2013	4.20	20-Jun-2017	20-Jun-2015	20-Jun-2017	-	-

REMUNERATION REPORT (AUDITED) (CONTINUED)

Value of options awarded, exercised and lapsed during the year:

2013	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. A. Gardner	275,001	-	312,951	11.47
Ms. C Garnsey	1,008,000	-	-	3.66

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:

					Termination benefits		
	Start date	Term of agreement	Review period	Period of written notice required from the company	Upon company initiated	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
K. Davis	17-Nov-1993	Open	Annual	3 mths	Nil	Nil	3mths
A. Gardner	02-Jan-2007	Open	Annual	12 mths	12 mths TFR including notice	Nil	12 mths
C. Garnsey	20-Sep-2012	Open	Annual	12 mths	12 mths TFR including notice	Nil	12 mths
R. Kelly[1]	08-Apr-2011	Open	Annual	3 mths	3 mths TFR including notice	Nil	3 mths

[1] Ms R Kelly resigned from the Group effective 12 April 2013.

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 20 of this report.

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

Solomon Lew
Chairman
25 September 2013

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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 27 July 2013, 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
25 September 2013

STATEMENT OF COMPREHENSIVE INCOME

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

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
Continuing operations			
Revenue from sale of goods	4	843,172	837,195
Other revenue	4	18,239	23,779
Total revenue		861,411	860,974
Other income	4	156,833	10,012
Total income		1,018,244	870,986
Changes in inventories of finished goods and work in progress and raw materials used		(321,813)	(330,115)
Employee expenses		(210,775)	(198,154)
Operating lease rental expense	5	(178,343)	(176,949)
Depreciation, impairment and amortisation	5	(19,187)	(17,328)
Advertising and direct marketing		(12,481)	(9,879)
Finance costs	5	(6,988)	(10,194)
Other expenses		(25,815)	(35,499)
Total expenses		(775,402)	(778,118)
Share of profit (loss) of an associate	14	3,114	(101)
Profit from continuing operations before income tax		245,956	92,767
Income tax expense	6	(71,483)	(24,519)
Net profit for the period attributable to owners		**174,473**	**68,248**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value gains on available-for-sale financial assets	20	32,115	47,838
Fair value gain on available-for-sale financial assets reclassified from equity to profit and loss	20	(149,803)	-
Cash flow hedges	20	18,270	13,454
Foreign currency translation	20	1,211	58
Net movement in other comprehensive income of associate	20	1,219	-
Income tax on items of other comprehensive income	20	29,589	(18,324)
Other comprehensive income for the period, net of tax		**(67,399)**	**43,026**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**107,074**	**111,274**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
- basic for profit for the year (cents per share)	31	112.37	43.97
- diluted for profit for the year (cents per share)	31	111.07	43.52
- basic for profit from continuing operations (cents per share)	31	112.37	43.97
- diluted for profit from continuing operations (cents per share)	31	111.07	43.52

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

STATEMENT OF FINANCIAL POSITION

AS AT 27 JULY 2013 AND 28 JULY 2012

		CONSOLIDATED	
	NOTES	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	26	313,157	294,168
Trade and other receivables	8	6,858	6,615
Inventories	9	83,959	71,092
Other financial instruments	30	13,625	17,150
Income tax receivable		-	3,413
Other current assets	10	4,676	4,292
Total current assets		422,275	396,730
Non-current assets			
Trade and other receivables	8	1,929	2,023
Available-for-sale financial assets	11	-	152,345
Property, plant and equipment	12	83,402	80,326
Intangible assets	13	854,529	854,490
Deferred tax assets	6	10,928	12,158
Investments in associates	14	185,534	1,484
Other financial instruments	30	3,417	-
Total non-current assets		1,139,739	1,102,826
TOTAL ASSETS		1,562,014	1,499,556
LIABILITIES			
Current liabilities			
Trade and other payables	15	54,514	45,947
Interest-bearing liabilities	16	48	136
Other financial instruments	30	28	2,301
Income tax payable		13,463	-
Provisions	17	16,764	20,005
Other current liabilities	18	4,771	5,059
Total current liabilities		89,588	73,448
Non-current liabilities			
Interest-bearing liabilities	16	101,920	122,855
Deferred tax liabilities	6	58,295	43,944
Provisions	17	1,467	1,402
Other financial instruments	30	159	-
Other	18	10,219	8,101
Total non-current liabilities		172,060	176,302
TOTAL LIABILITIES		261,648	249,750
NET ASSETS		1,300,366	1,249,806
EQUITY			
Contributed equity	19	608,615	608,615
Reserves	20	16,789	83,256
Retained earnings	21	674,962	557,935
TOTAL EQUITY		1,300,366	1,249,806

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

STATEMENT OF CASH FLOWS

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

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		931,411	928,834
Payments to suppliers and employees (inclusive of GST)		(844,709)	(844,502)
Dividends received		3,862	6,538
Interest received		13,404	16,517
Borrowing costs paid		(6,386)	(9,651)
Income taxes paid		(8,474)	(19,022)
NET CASH FLOWS FROM OPERATING ACTIVITIES	26(b)	89,108	78,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets		-	15
Payment for financial instruments		-	(21,495)
Proceeds from sale of financial instruments		20,247	9,115
Dividends received from associates		4,683	-
Payment for trademarks		(96)	(83)
Proceeds from sale of plant and equipment		7	42
Payment for property, equipment and leasehold premiums		(14,407)	(13,258)
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		10,434	(25,664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(57,446)	(55,858)
Proceeds from borrowings		22,000	38,000
Repayment of borrowings		(45,000)	(48,000)
Payment of debt establishment fees		-	(747)
Payment of finance lease liabilities		(107)	(85)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(80,553)	(66,690)
NET INCREASE (DECREASE) IN CASH HELD		18,989	(13,640)
Cash at the beginning of the financial period		294,168	307,808
CASH AT THE END OF THE FINANCIAL PERIOD	26(a)	313,157	294,168

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

STATEMENT OF CHANGES IN EQUITY

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

CONSOLIDATED								
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	FAIR VALUE RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 29 July 2012	608,615	464	1,451	(1,349)	72	82,618	557,935	1,249,806
Net Profit for the period	-	-	-	-	-	-	174,473	174,473
Other comprehensive income (loss)	-	-	-	12,789	2,430	(82,618)	-	(67,399)
Total comprehensive income for the period	-	-	-	12,789	2,430	(82,618)	174,473	107,074
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	932	-	-	-	-	932
Dividends Paid	-	-	-	-	-	-	(57,446)	(57,446)
Balance as at 27 July 2013	608,615	464	2,383	11,440	2,502	-	674,962	1,300,366
At 31 July 2011	608,615	464	799	(10,767)	14	49,068	545,545	1,193,738
Net Profit for the period	-	-	-	-	-	-	68,248	68,248
Other comprehensive income	-	-	-	9,418	58	33,550	-	43,026
Total comprehensive income for the period	-	-	-	9,418	58	33,550	68,248	111,274
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	652	-	-	-	-	652
Dividends Paid	-	-	-	-	-	-	(55,858)	(55,858)
Balance as at 28 July 2012	608,615	464	1,451	(1,349)	72	82,618	557,935	1,249,806

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

1 CORPORATE INFORMATION

The financial report of Premier Investments Limited for the 52 weeks ended 27 July 2013 was authorised for issue in accordance with a resolution of the directors on 25 September 2013.

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

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 29 July 2012 to 27 July 2013.

(a) *BASIS OF PREPARATION*

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

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

(b) *STATEMENT OF COMPLIANCE*

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

(c) *NEW ACCOUNTING STANDARDS AND INTERPRETATIONS*

Changes in accounting policies and disclosures

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Accounting Standards and Interpretations issued but not yet effective

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

(i) Significant accounting judgements

Recovery of deferred tax assets

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Classification of assets and liabilities as held for sale

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

Taxation

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Significant accounting estimates and assumptions

Estimated impairment of goodwill and intangibles with indefinite useful lives

The Group tests whether goodwill has suffered any impairment annually, in accordance with the accounting policy stated in note 2(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 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 and taking into account the terms and conditions upon which the instruments were granted. The related assumptions are detailed in note 28.

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.

Estimated gift card redemption rates

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Onerous lease provisions

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

(e) BASIS OF CONSOLIDATION

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

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) OPERATING SEGMENTS

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

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

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

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

(g) FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

(h) CASH AND CASH EQUIVALENTS

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) TRADE AND OTHER RECEIVABLES

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

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

(j) INVENTORIES

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

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

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

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

(k) PLANT AND EQUIPMENT

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

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) GOODWILL

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

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

(m) INTANGIBLE ASSETS (excluding goodwill)

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(n) OTHER FINANCIAL ASSETS

(i) Available-for-sale financial assets

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

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

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

(ii) Non-derivative financial assets

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) OTHER FINANCIAL ASSETS (CONTINUED)

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

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

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

(o) INVESTMENT IN ASSOCIATE

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

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) TRADE AND OTHER PAYABLES

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

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

(q) LEASES

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

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

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

(r) INTEREST-BEARING LOANS AND BORROWINGS

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

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

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

(s) PROVISIONS

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) ONEROUS LEASE PROVISIONS

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

(u) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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

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

(iii) Retirement benefit obligations

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

(v) DEFERRED INCOME

(i) Lease Incentives

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

(ii) Deferred rent

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

(w) REVENUE RECOGNITION

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) REVENUE RECOGNITION (CONTINUED)

(i) Sale of goods

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

(ii) Interest revenue

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

(iii) Dividends

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

(iv) Lay-by sales

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

(v) Gift cards

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

(x) INCOME TAX

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

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) INCOME TAX (CONTINUED)

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

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

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

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

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

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

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

Tax consolidation

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) OTHER TAXES

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

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

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

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

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

(z) BUSINESS COMBINATIONS

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

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

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

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

(aa) CONTRIBUTED EQUITY

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

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

Cash flow hedges

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

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

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

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

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

(cc) EARNINGS PER SHARE

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(dd) SHARE-BASED REMUNERATION SCHEMES

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

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

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

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

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

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

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

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

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

(ee) COMPARATIVES

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

(ff) PARENT ENTITY INFORMATION

The financial information for the parent entity, Premier Investment Ltd, disclosed in note 32 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, held-for-trading financial instruments, 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 levels 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 expenses 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	2013 $'000	2012 $'000
Financial Assets			
Cash	26	313,157	294,168
Other receivables	8	4,321	3,964
		317,478	298,132
Financial Liabilities			
Finance lease liability	23	113	250
Bank loans AUD	16	85,000	108,000
Bank loans (NZD 20.0 million)	16	17,240	15,357
		102,353	123,607
Net Financial Assets		215,125	174,525

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Interest rate risk (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 (2012:100) 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:	2013 $000	2012 $000	2013 $000	2012 $000
CONSOLIDATED				
+1.0% (100 basis points)	1,476	1,196	-	-
-1.0% (100 basis points)	(1,476)	(1,196)	-	-

The movement in profits 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 a portfolio of available-for-sale investments and held-for-trading financial instruments. 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 financial assets. 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.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Equity Price Risk (Continued)

The board monitors the Group's portfolio of available-for-sale investments and held-for-trading financial instruments on a regular basis to minimise exposure to price risk and ensure the portfolio is consistent with the strategic direction of the Group.

In the current year the Group reclassified its available-for-sale investments to an investment in associate. As such, the Group is no longer exposed to equity price risk through its available-for-sale investments. The reasoning for this classification is disclosed in Note 14.

For the 2012 financial year, the Group 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 financial assets 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% (2012: 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 total comprehensive income, whilst a negative number indicates a reduction in total comprehensive income.

	TOTAL COMPREHENSIVE INCOME HIGHER/(LOWER)	
Judgements of reasonably possible movements:	2013 $'000	2012 $'000
CONSOLIDATED		
+25% increase in share prices	-	31,031
-25% decrease in share prices	-	(31,031)

The financial assets 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 28 July 2012 due to movements in portfolio holding during the year.

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 and held for trading financial assets and certain derivative instruments, the 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.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Credit Risk (Continued)

Credit risk for the Group also arises from financial guarantees that members of the Group act as guarantor. At 27 July 2013, the maximum exposure to credit risk of the Group is the amount guaranteed as disclosed in note 34.

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.

The Group has operations in Singapore. As a result, movement in the AUD/SGD exchange rates can affect the Group's statement of financial position and results from operations. 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.

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.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign currency transactions (Continued)

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
FINANCIAL ASSETS						
Cash and cash equivalents	5	4	1,106	680	-	-
Trade and other receivables	36	32	-	-	2,399	2,318
Derivative financial assets (cash flow hedges)	17,043	253	-	-	-	-
	17,084	289	1,106	680	2,399	2,318
FINANCIAL LIABILITIES						
Trade and other payables	(20,537)	(17,565)	(202)	-	-	-
Derivative financial liabilities (cash flow hedges)	(187)	(2,301)	-	-	-	-
	(20,724)	(19,866)	(202)	-	-	-
Net exposure	(3,640)	(19,577)	904	680	2,399	2,318

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.

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)		OTHER COMPREHENSIVE INCOME HIGHER/(LOWER)	
Judgements of reasonably possible movements:	2013 $000	2012 $000	2013 $000	2012 $000
CONSOLIDATED				
AUD/USD + 2.5%	361	412	(4,488)	(1,531)
AUD/USD – 10.0%	(1,628)	(1,845)	21,010	10,176
AUD/ZAR + 2.5%	(59)	(57)	-	-
AUD/ZAR – 10.0%	267	258	-	-
AUD/SGD + 2.5%	(22)	(17)	-	-
AUD/SGD –10.0%	100	76	-	-

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign currency risk (Continued)

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.

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 million (2012: $70 million) cash held in deposit with 11am at call term and the remaining $282 million (2012: $224 million) cash held in deposit with maturity terms ranging from 30 to 180 days. Hence management believe there is no significant exposure to liquidity risk at 27 July 2013 and 28 July 2012.

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

	CONSOLIDATED	
	2013 $'000	2012 $'000
Maturity < 6 months	147,931	138,374
Maturity 6–12 months	99,329	81,759
Maturity 12–24 months	186,087	48
Maturity > 24 months	14	123,424
	433,361	343,605

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 27 July 2013 and 28 July 2012 the fair value of cash and cash equivalents, short-term receivables and payables approximates their carrying value.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Fair value of financial assets and liabilities (Continued)

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

	2013		2012	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
Investments	-	-	152,345	151,583

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 or liability, either directly (as prices) or indirectly (derived from prices)

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

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

	CONSOLIDATED							
	FINANCIAL PERIOD ENDED 27 JULY 2013				FINANCIAL PERIOD ENDED 28 JULY 2012			
	QUOTED MARKET PRICE (LEVEL 1) $'000	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2) $'000	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3) $'000	TOTAL $'000	QUOTED MARKET PRICE (LEVEL 1) $'000	VALUATION TECHNIQUE – MARKET OBSERVABLE INPUTS (LEVEL 2) $'000	VALUATION TECHNIQUE – NON MARKET OBSERVABLE INPUTS (LEVEL 3) $'000	TOTAL $'000
Financial Assets								
Foreign Exchange Contracts	-	17,043	-	17,043	-	253	-	253
Other Financial Assets	-	-	-	-	-	16,897	-	16,897
Listed Investments	-	-	-	-	152,345	-	-	152,345
	-	17,043	-	17,043	152,345	17,150	-	169,495
Financial Liabilities								
Foreign Exchange Contracts	-	187	-	187	-	2,301	-	2,301
	-	187	-	187	-	2,301	-	2,301

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

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
5 EXPENSES AND LOSSES			
EXPENSES			
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of plant and equipment	12	18,804	17,209
Amortisation of plant and equipment under lease	12	53	46
Impairment of plant and equipment	12	262	-
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		19,119	17,255
AMORTISATION OF NON-CURRENT ASSETS			
Amortisation of leasehold premiums	13	68	73
TOTAL AMORTISATION OF NON-CURRENT ASSETS		68	73
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		19,187	17,328
FINANCE COSTS			
Finance charges payable under finance leases		36	39
Bank loans and overdraft		6,198	9,654
Provision for discount adjustment on onerous leases		754	501
TOTAL FINANCE COSTS		6,988	10,194
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		152,533	151,812
Contingent rentals		25,810	25,137
TOTAL OPERATING LEASE EXPENSES		178,343	176,949
OTHER EXPENSES INCLUDES			
Bad debts		-	3
Share-based payments expense		932	652
Foreign exchange losses		243	630
Loss on ineffective cash flow hedges		-	39
Loss on disposal of available-for-sale financial assets		-	24
Net loss on disposal of plant and equipment		352	289

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

	CONSOLIDATED	
	2013 $'000	2012 $'000

6 INCOME TAX (CONTINUED)

(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

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

6 INCOME TAX (CONTINUED)

TAX CONSOLIDATION

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

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

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

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

	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
8 TRADE AND OTHER RECEIVABLES		
CURRENT		
Sundry debtors	6,388	6,321
Associate	470	294
Carrying amount of trade and other receivables	6,858	6,615
NON-CURRENT		
Associate	1,929	2,023
Carrying amount of trade and other receivables	1,929	2,023

(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 27 July 2013 (2012: $nil). During the year, a bad debt expense of $nil (2012: $3,000) 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 27.

(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	
		2013 $'000	2012 $'000
9	INVENTORIES		
	The valuation policy adopted in respect of the following is set out in Note 2(j)		
	Raw materials	989	1,458
	Finished goods	82,970	69,634
	TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	83,959	71,092
10	OTHER ASSETS		
	CURRENT		
	Deposits and prepayments	4,676	4,292
	TOTAL OTHER CURRENT ASSETS	4,676	4,292
11	AVAILABLE-FOR-SALE FINANCIAL ASSETS		
	INVESTMENTS		
	Shares in companies quoted on prescribed stock exchange at fair value	-	152,345
	TOTAL INVESTMENTS	-	152,345

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

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

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

			CONSOLIDATED	
		NOTES	2013 $'000	2012 $'000
12	**PROPERTY, PLANT AND EQUIPMENT**			
	Plant and equipment – at cost		169,726	151,133
	Less: accumulated depreciation and impairment		(88,603)	(71,050)
	Total		81,123	80,083
	Capitalised leased assets – at cost		343	896
	Less: accumulated depreciation and impairment		(237)	(653)
	Total		106	243
	Capital works in progress		2,173	-
	TOTAL PLANT AND EQUIPMENT		83,402	80,326
	RECONCILIATIONS			
	Reconciliations of the carrying amounts for each class of plant and equipment are set out below:			
	Plant and equipment			
	At beginning of the financial period		80,083	84,676
	Additions		19,231	13,986
	Disposals		(360)	(331)
	Exchange differences		1,235	(1,039)
	Impairment	5	(262)	-
	Depreciation	5	(18,804)	(17,209)
	Net carrying amount at end of period		81,123	80,083
	Leased plant and equipment			
	At beginning of the financial period		243	101
	Additions		-	188
	Disposals		(84)	-
	Amortisation	5	(53)	(46)
	Net carrying amount at end of period		106	243
	Capital works in progress		2,173	-
	TOTAL		83,402	80,326

CAPITAL WORKS IN PROGRESS

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

IMPAIRMENT OF PLANT AND EQUIPMENT

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

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

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

IMPAIRMENT OF PLANT AND EQUIPMENT (CONTINUED)

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

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

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 27 JULY 2013					
As at 29 July 2012 net of accumulated amortisation and impairment	477,085	376,179	1,080	146	854,490
Trademark registrations	-	-	96	-	96
Amortisation	-	-	-	(68)	(68)
Exchange differences	-	-	-	11	11
As at 27 July 2013 net of accumulated amortisation and impairment	477,085	376,179	1,176	89	854,529
AS AT 27 JULY 2013					
Cost (gross carrying amount)	477,085	376,179	1,176	768	855,208
Accumulated amortisation and impairment	-	-	-	(679)	(679)
Net carrying amount	477,085	376,179	1,176	89	854,529

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

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 2013, based on financial estimates approved by the senior management and the Board covering a five year period. The post tax discount rate applied to these cash flow projections is 11.1% (2012: 11.0%). Cash flows beyond the 5 year period are extrapolated using a growth rate of 3%.

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

IMPAIRMENT TESTING OF BRAND NAMES

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

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

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

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

13 INTANGIBLES (CONTINUED)

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

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

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

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

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

Just Kor Fashion Group (Pty) Ltd

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

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

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

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

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

14 INVESTMENTS IN ASSOCIATES (CONTINUED)

Breville Group Limited

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

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

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

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

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

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

			CONSOLIDATED	
		NOTES	2013 $'000	2012 $'000
15	TRADE AND OTHER PAYABLES			
	CURRENT			
	Trade creditors		34,808	29,104
	Other creditors and accruals		19,706	16,843
	TOTAL CURRENT		54,514	45,947

(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	2013 $'000	2012 $'000
16	INTEREST-BEARING LIABILITIES			
	CURRENT			
	Lease liability	23	48	136
	TOTAL CURRENT		48	136
	NON-CURRENT			
	Lease liability	23	65	114
	Bank loans* unsecured		85,000	108,000
	Bank loans* unsecured (NZ$20.0 million)		17,240	15,357
			102,240	123,357
	Less directly attributable borrowing costs		(385)	(616)
	Net bank loans		101,855	122,741
	TOTAL NON-CURRENT		101,920	122,855

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

(a) *Fair values*

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

(b) *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 2013 $'000	CONSOLIDATED 2012 $'000
17 PROVISIONS		
CURRENT		
Employee entitlements – Annual Leave	10,137	10,615
Employee entitlements – Long Service Leave	5,076	4,636
Employee redundancy	-	15
Onerous leases	1,551	4,739
TOTAL CURRENT	16,764	20,005
NON-CURRENT		
Employee entitlements – Long Service Leave	1,467	1,402

MOVEMENTS IN PROVISIONS

	2013 $'000	2012 $'000
Employee redundancy		
Opening balance	15	962
Utilised during the period	(15)	(947)
Closing balance	-	15
Onerous leases		
Opening balance	4,739	9,344
Credited to Profit and Loss	(927)	-
Utilised during the period	(2,261)	(4,605)
Closing balance	1,551	4,739

NATURE AND TIMING OF PROVISIONS

Onerous lease and employee entitlements provisions

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

18 OTHER LIABILITIES

	2013 $'000	2012 $'000
CURRENT		
Deferred income	4,771	5,059
TOTAL CURRENT	4,771	5,059
NON-CURRENT		
Deferred income	10,219	8,101
TOTAL NON-CURRENT	10,219	8,101

	CONSOLIDATED	
	2013 $'000	2012 $'000
19 CONTRIBUTED EQUITY		
Ordinary shares (a)	608,615	608,615

	NO. ('000)	$'000
(a) MOVEMENTS IN SHARES ON ISSUE		
Shares on issue 29 July 2012	155,260	608,615
Shares issued during the year (i)	-	-
Shares on issue at 27 July 2013	155,260	608,615
Shares on issue 31 July 2011	155,062	608,615
Shares issued during the year (i)	198	-
Shares on issue at 28 July 2012	155,260	608,615

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

(i) No shares (2012: 197,546) 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 26 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	
	2013 $'000	2012 $'000
20 RESERVES		
RESERVES COMPRISE:		
Capital profits reserve (a)	464	464
Fair value reserve (b)	-	82,618
Foreign currency translation reserve (c)	2,502	72
Cash flow hedge reserve (d)	11,440	(1,349)
Performance rights reserve (e)	2,383	1,451
TOTAL RESERVES	16,789	83,256

(a) CAPITAL PROFITS RESERVE

(i) Nature and purpose of reserve

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

(b) FAIR VALUE RESERVE

(i) Nature and purpose of reserve

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

(ii) Movements in the reserve

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

	CONSOLIDATED	
	2013 $'000	2012 $'000

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

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

(d) CASH FLOW HEDGE RESERVE

(i) Nature and purpose of reserve

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

(ii) Movements in the reserve

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

(e) PERFORMANCE RIGHTS RESERVE

(i) Nature and purpose of reserve

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

(ii) Movements in the reserve

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

		CONSOLIDATED	
		2013 $'000	2012 $'000
21	**RETAINED EARNINGS**		
	Opening balance	557,935	545,545
	Net profit attributable to members of the company	174,473	68,248
	Dividends paid	(57,446)	(55,858)
	CLOSING BALANCE	674,962	557,935

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 properties, securities for both long and short term gains, rental income, dividend income and interest. This includes available-for-sale financial instruments.

Accounting policies

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

Income tax expense

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

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

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

22 OPERATING SEGMENTS (CONTINUED)

(a) OPERATING SEGMENTS

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

22 OPERATING SEGMENT (CONTINUED)

(b) GEOGRAPHIC SEGMENTS

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

	NOTES	CONSOLIDATED 2013 $'000	CONSOLIDATED 2012 $'000
23 EXPENDITURE COMMITMENTS			
CAPITAL EXPENDITURE COMMITMENTS			
Plant and equipment			
Payable within one year		-	729
Capital works in progress			
Payable within one year		15,615	-
TOTAL CAPITAL EXPENDITURE		15,615	729
LEASE EXPENDITURE COMMITMENTS			
(i) Operating leases			
Payable within one year		106,685	134,701
Payable within one to five years		156,937	213,657
Payable in more than five years		4,540	7,586
Total operating leases		268,162	355,944
(ii) FINANCE LEASES			
Total lease liability – current	16	48	136
Total lease liability – non-current	16	65	114
Total finance leases		113	250
FINANCE LEASE COMMITMENTS			
Payable within one year		55	147
Payable within one to five years		69	124
Minimum lease payments		124	271
Less future finance charges		(11)	(21)
TOTAL LEASE LIABILITY		113	250

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.

	CONSOLIDATED	
	2013 $	2012 $

24 KEY MANAGEMENT PERSONNEL

(a) *COMPENSATION FOR KEY MANAGEMENT PERSONNEL (KMP)*

	2013 $	2012 $
Short-term employee benefits	5,092,296	4,079,109
Post-employment benefits	137,935	140,928
Termination benefits	200,000	-
Share-based payments	772,170	755,563
TOTAL	6,202,401	4,975,600

Information regarding individual directors and executive compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

(b) *SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL*

Shares held in Premier Investments Limited:

2013	BALANCE 29 JULY 2012 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 27 JULY 2013 ORDINARY
NON-EXECUTIVE DIRECTORS					
S. Lew**	4,437,699	-	-	-	4,437,699
F.W. Jones	192,592	5,000	-	-	197,592
T. Antonie	-	-	-	-	-
D. Crean	-	-	-	-	-
L.E. Fox	5,577,014	-	-	-	5,577,014
S. Herman	-	-	-	-	-
H.D. Lanzer	27,665	-	-	-	27,665
M.R.I. McLeod	28,186	-	-	-	28,186
Dr. G.H. Weiss	10,000	-	-	-	10,000
EXECUTIVES					
M. McInnes	-	-	-	-	-
K.F. Davis	-	-	-	-	-
A. Gardner	117,763	-	-	33,000	84,763
C. Garnsey	-	-	-	-	-
R. Kelly	117	-	-	-	-
TOTAL 2013	10,391,036	5,000	-	33,000	10,362,919

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2012	BALANCE 31 JULY 2011 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 28 JULY 2012 ORDINARY
NON-EXECUTIVE DIRECTORS					
S. Lew**	4,437,699	-	-	-	4,437,699
F.W. Jones	192,592	-	-	-	192,592
T. Antonie	-	-	-	-	-
D. Crean	-	-	-	-	-
L.E. Fox	5,577,014	-	-	-	5,577,014
S. Herman	-	-	-	-	-
H.D. Lanzer	27,665	-	-	-	27,665
M.R.I. McLeod	28,186	-	-	-	28,186
Dr. G.H. Weiss	10,000	-	-	-	10,000
EXECUTIVES					
M. McInnes	-	-	-	-	-
K.F. Davis	-	-	-	-	-
A. Gardner	39,003	-	98,757	(19,997)	117,763
C. Garnsey	-	-	-	-	-
R. Kelly	117	-	-	-	117
TOTAL 2012	10,312,276	-	98,757	(19,997)	10,391,036

**Mr. Lew is an associate of Century Plaza Investments Pty. Ltd. and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 59,804,731 (2012: 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 $1,022,348 (2012: $537,770), 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 $364,067 (2012: $350,064) including GST was paid to Loch Awe Pty Ltd. The payments were at arm’s length and on normal commercial terms.

Ms. Herman is a director and chairman of Urbis Pty Ltd. During the year payments for consultancy services totalling $nil (2012: $44,000) including GST was paid to Urbis Pty Ltd. The payments were at arm’s length and on normal commercial terms.

Dr. Weiss is a director of Pro-Pac Packaging Limited. During the year payments for services totalling $nil (2012: $6,336) including GST was paid to Pro-Pac Packaging Limited, of which $nil (2012: $2,210) remains outstanding at year-end. 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 and Sky Chain Trading Limited. During the year, purchases totalling $20,250,393 (2012:$7,288,568) including GST have been made by Group companies from Voyager Distributing Co. Pty Ltd, Playcorp Pty Ltd and Sky Chain Trading Limited, with $1,430,634 (2012: $1,855,690) remaining outstanding at year-end. The purchases were all at arm’s length and on normal commercial terms. Additionally, fabric sales of $276,687 (2012: $555,264), inclusive of GST, have been made by Group companies to Voyager Distributing Co. Pty Ltd. Sales were at arm’s length and on normal commercial terms.

Mr. Lew is a director 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 $352,570 (2012: $423,241) costs including GST incurred by Century Plaza Trading Pty. Ltd.

		CONSOLIDATED	
		2013 $	2012 $
25	AUDITOR'S REMUNERATION		
	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.	519,709	436,304
	Other services in relation to the entity and any other entity in the consolidated group:		
	- Taxation advice	906	85,278
	- Other	38,348	35,934
	Total – Other services	39,254	121,212
	TOTAL AUDITOR'S REMUNERATION	558,963	557,516

		CONSOLIDATED	
		2013 $'000	2012 $'000
26	NOTES TO THE STATEMENT OF CASH FLOWS		
(a)	*RECONCILIATION OF CASH AND CASH EQUIVALENTS*		
	Cash at bank and in hand	31,445	70,072
	Short-term deposits	281,712	224,096
	TOTAL CASH ASSETS AND CASH EQUIVALENTS	313,157	294,168

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

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

27 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	2013 INTEREST HELD	2012 INTEREST HELD
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%
Metalgrove 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 Limited**	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 Limited**	UK	100%	100%
Peter Alexander UK Limited**	UK	100%	100%
ETI Holdings Limited**	New Zealand	100%	100%
RSCA Pty Limited**	Australia	100%	100%
RSCB Pty Limited**	Australia	100%	100%
Just Group Singapore Private Ltd **	Singapore	100%	-
Peter Alexander Singapore Private Ltd **	Singapore	100%	-
Smiggle Stores Malaysia SDN BHD	Malaysia	100%	-
Smiggle Japan KK **	Japan	100%	-

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

27 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 $6,717,618 (2012: $8,056,558).

(ii) Management fee charged for services provided in the amount of $71,451 (2012: $73,667).

(iii) Royalty income of $nil (2012: $nil) 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.

28 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	
	2013 $'000	2012 $'000
Total Expense arising from equity-settled share-based payment transactions	932	652

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

Performance rights

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 10-18.

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	180,334	26/06/2009	$2.33
Granted on 18 December 2009	115,708	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
Granted on 25 May 2012	271,079	25/05/2012	$2.62
Granted on 12 April 2013	304,386	12/04/2013	$2.88
Granted on 18 April 2013	240,000	18/04/2013	$4.20

28 SHARE-BASED PAYMENT PLANS (CONTINUED)

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
25/05/2012	$5.24	3.4 years	5%	40%	2.39%	$2.62
12/04/2013	$5.77	3.5 years	5%	40%	2.81%	$2.88
18/04/2013	$8.40	4.2 years	5%	40%	2.71%	$4.20

(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:

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Balance at beginning of the year	1,808,565	-	1,767,890	-
Granted during the year	544,386	-	288,291	-
Forfeited during the year	-	-	(50,070)	-
Exercised during the year	-	-	(197,546)	-
Expired during the year	(139,989)	-	-	-
Balance at the end of the year	2,212,962	-	1,808,565	-

Since the end of the financial year and up to the date of this report, no performance rights have been exercised, no performance rights have been issued, 148,465 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 $3.46 (2012: $2.62).

29 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 2013 $'000	CONSOLIDATED 2012 $'000
30 OTHER FINANCIAL INSTRUMENTS		
CURRENT ASSETS		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	13,625	253
	13,625	253
Financial instruments carried at fair value through profit or loss		
Held for trading financial instruments	-	16,897
	13,625	17,150
NON -CURRENT ASSETS		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	3,417	-
	3,417	-
CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	28	2,301
	28	2,301
NON -CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	159	-
	159	-

(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.

30 OTHER 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 27 July 2013 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			
	2013 $'000	2012 $'000	2013	2012
Buy USD / Sell AUD	NOTIONAL AMOUNTS $AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	79,021	79,791	0.9906	1.0208
Maturity 6 – 12 months	85,944	70,224	0.9978	1.0037
Maturity 12 – 24 months	77,801	-	0.9333	-
Buy USD / Sell NZD	NOTIONAL AMOUNTS $NZD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	12,539	14,069	0.8042	0.8006
Maturity 6 – 12 months	13,361	14,990	0.8167	0.8080
Maturity 12 – 24 months	5,994	-	0.8206	-

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.

(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.

	CONSOLIDATED	
	2013 $'000	2012 $'000

31 EARNINGS PER SHARE

	2013 $'000	2012 $'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit	174,473	68,248

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

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

32 PARENT ENTITY INFORMATION

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

	2013 $'000	2012 $'000
(a) Summary financial information		
Statement of financial position		
Current assets	302,903	299,502
Total assets	1,331,978	1,294,533
Current liabilities	14,038	11,835
Total liabilities	121,187	109,386
Shareholders' equity		
Issued capital	608,615	608,615
Reserves		
- Fair value reserve	-	82,618
- Foreign currency translation reserve	1,219	-
- Performance rights reserve	2,383	1,451
Retained earnings	598,574	492,463
Profit for the year	163,557	54,329
Total comprehensive income	82,158	87,880
(b) Guarantees entered into by the parent entity	-	-
Carrying amount included in current liabilities	-	-

32 PARENT ENTITY INFORMATION (CONTINUED)

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to $nil (2012: $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 (2012: $nil).

(ii) the bank overdraft of a subsidiary amounting to $nil (2012: $nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 27 July 2013 or 28 July 2012.

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

During the year, Premier Investments Limited entered into an agreement to acquire a property in Truganina, Victoria, to establish a National Distribution Centre. Construction of the Distribution Centre is currently underway. As at 27 July 2013, capital works in progress amounting to $2,173,000 have been recognised by the parent entity. The balance of the purchase price, being $15,615,000, is payable upon settlement.

33 EVENTS AFTER THE REPORTING DATE

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

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

34 CONTINGENT LIABILITIES

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

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

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 10 to 18 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 27 July 2013 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 declaration by the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

On behalf of the Board

Solomon Lew
Chairman

25 September 2013

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working world

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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 27 July 2013, 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 27 July 2013 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 27 July 2013. 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 27 July 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Glenn Carmody
Partner
Melbourne
25 September 2013

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 2012/13 financial year.

In addition to the policies set out in this statement, Premier's wholly-owned subsidiary, Just Group Limited, has in place its own stringent corporate 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 (which are also posted on Premier's website), general meetings of shareholders, the annual report and through written and electronic correspondence from the Company Secretary from time to time.

1.2 Evaluating the Performance of Senior Executives

Until such time that a CEO is appointed, the Board will continue to delegate the responsibilities allocated to the CEO to other persons, such as:

- the 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 Group has an induction process for all senior executives and directors. All new directors are provided with the key policies and procedures affecting the Group.

1.3 Performance Assessments

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. A performance evaluation was undertaken on senior executives during the 2012/13 financial year.

2 PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board of Premier comprises ten 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
Frank Jones	1 April 1987	Non-Executive Director
Tim Antonie	1 December 2009	Non-Executive Director
David Crean	1 December 2009	Non-Executive Director
Lindsay Fox	1 April 1987	Non-Executive Director
Sally Herman	14 December 2011	Non-Executive Director
Henry Lanzer	31 March 2008	Non-Executive Director
Michael McLeod	29 August 2002	Non-Executive Director
Gary Weiss	11 March 1994	Non-Executive Director
Mark McInnes	1 December 2012	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. Premier has adopted the definition of independence set out in the commentary to ASX Recommendation 2.1 as disclosed in the Director Independence Policy on Premier's website. 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 2012/13 financial year, there were four independent directors on the Board. The Board considers Dr Weiss, Dr Crean, Mr Antonie and Ms Herman 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 2012/13 financial year.

While in previous years Mr Antonie has not been considered an independent director, as of 29 July 2012 Mr Antonie had not in the previous 3 years been a principal of a material professional adviser or a material consultant to the Group or employee materially associated with the service provided and accordingly the Board considers Mr Antonie to be an 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. Premier permits individual directors to engage separate independent counsel or advisors at the expense of the Group in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

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 Role of Chairman and CEO

The Premier Board Charter expresses the support of the Board for the separation of the role of the Chairman from that of the Chief Executive Officer ("CEO") in accordance with ASX Recommendation 2.3. The Board Charter requires the Chairman to be a non-executive director, and defines the key roles of the Chairman as follows:

- to manage the Board effectively;
- to provide leadership to the Board; and
- to interface with the CEO.

2.4 Nomination Committee

During the 2012/13 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 roles and responsibilities of the Remuneration and Nomination Committee are set out in the Premier Board Charter. The committee consists of three members, all of whom are non-executive directors and one of whom is an independent director. 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.

2.4 Nomination Committee (Continued)

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 consists of the following three members

Name	Date Appointed	Position in Committee
Henry Lanzer	23 September 2008	Chairperson
Solomon Lew	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 meeting was attended by all three members.

2.5 Term of Office and Performance Evaluation

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 a manner as the Board deems appropriate and may involve the use of an external consultant.

2.6 Appointment of New Directors and Re-Election of Directors

The responsibilities of Premier's Remuneration and Nomination Committee include advising the Board on:

- criteria for appointment and identification of candidates for appointment as a director;
- the candidates it considers appropriate for appointment as a director; and
- the re-appointment of any non-executive director at the conclusion of their term of office.

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. These include:

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

Under the Group's securities trading policy, an officer or executive must not trade in securities of the Company at any time while in possession of unpublished, price-sensitive information in relation to those securities. Before commencing to trade, an executive or officer must first obtain the approval of the Company Secretary or the Chairman to do so.

3.1 Code of Conduct (Continued)

During the 2012/13 financial year, there was a general prohibition on trading by officers and executives in the following periods, subject only to limited exceptions:

- Commencing 1 December and ending 24 hours after the release of the Company's half year results to the ASX; and
- Commencing 1 July and ending 24 hours after the release of the Company's preliminary final report to the ASX; and
- Commencing 2 weeks prior to the Company's Annual General Meeting and ending 24 hours after the annual general meeting.

Premier has since adopted a revised securities trading policy, which Premier has disclosed to the ASX in accordance with the ASX listing rules. As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

Premier's conflict of interest policy requires, that, in accordance with the Corporations Act, where at any meeting it is proposed to discuss any matter which may give rise to a conflict of interest on the part of a director, that director must not be present while the matter is being considered and must not vote on that matter (unless the other directors pass a resolution that allows the director to be present or vote). The Board Charter permits directors who may be in a position of conflict to request that the meeting be postponed or temporarily adjourned to enable him or her to seek legal advice on whether he or she can be present while the matter in question is being considered and vote on the matter in question.

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

The Group recognises the value contributed to the organization by employing people with varying skills, cultural backgrounds, ethnicity and experience. Premier believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

The following steps have been taken to achieve the Board's diversity objectives:

- the appointment of Ms Sally Herman in the 2011/12 financial year as an independent non-executive director; and
- the appointment of Ms Colette Garnsey as the Core Brand Director, Premier Retail.

At year end, women represented 60% in senior executive positions and 68% at senior management level and 91% of the Groups' workforce.

The Board is aware of ASX Recommendation 3.2. Given the high proportion of senior executives, senior managers and employees of the Group that are women, the Board has determined not to impose measurable objectives relating to diversity at this stage.

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.

4.1 Audit Committee (Continued)

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

The Audit and Risk Committee met on four occasions during the year. Each of the meetings was attended by all three members of the Committee. 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 Charter requires the committee to be structured so that:

- all members are financially literate, that is, are able to read and understand financial statements;
- at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- some members have an understanding of the industry in which the Group operates.

The Audit and Risk Committee will meet as frequently as required to undertake its role effectively. 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.

4.3 External Audit

Under the Audit and Risk Committee Charter, the committee is responsible for establishing procedures and making Board recommendations regarding external auditors, monitoring the effectiveness and independence of the external auditor, reviewing the scope of the external audit, discussing with the external auditor any significant disagreements with management, and meeting with the external auditor without management present at least twice a year.

In accordance with the Corporations Act, the external engagement partner is required to rotate at least once every five financial years. Ernst & Young was appointed as Premier's external auditor in May 2002. The external auditor attends Premier's annual general meetings and is available to respond to questions from Premier's members about its independence as auditor, the preparation and content of the Auditor's Report and Premier's accounting policies adopted in relation to the financial statements.

5 PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

During the 2012/13 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 Premier's website.

Under this policy, the Board will, as soon as it becomes aware of information concerning Premier that would be likely to have a material effect on the price or value of Premier's securities, ensure that information is notified to the ASX.

Premier has appointed a Compliance Officer to accept reports from personnel relating to price sensitive information. The Compliance Officer is primarily responsible for ensuring that Premier complies with its disclosure obligations under the Corporations Act and the ASX Listing Rules, and is primarily responsible for deciding what information will be disclosed.

Additionally, all managers are required to keep up to date with all matters within their responsibility which may be or become material to Premier.

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 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 Group. The Board received a report during the 2012/13 financial year.

7.3 CEO and CFO certification

In accordance with section 295A of the Corporations Act, the Company Secretary, who performs the CFO functions, has provided a written statement to the Board 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;
- the view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Group's risk management and internal compliance and control system is operating effectively in all material aspects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In response to this, internal control questions are required to be completed by key management personnel of all significant business units in support of these written statements.

8 PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

During the 2012/13 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.

8.2 Composition

Although ASX Recommendation 8.2 suggests that the committee should consist of a majority of independent directors and be chaired by an independent director, Premier believes that the current members of the committee are most appropriate to achieve its objectives given their skill set and experience.

8.3 Remuneration policy

Premier’s remuneration policies are reasonable and responsible, and establish a link between remuneration and performance. Further details regarding Premier’s remuneration practices are set out in the remuneration report on pages 10 to 18.

Premier clearly distinguishes the structure of non-executive directors’ remuneration from that of executive directors and senior executives. Non-executive directors remuneration is capped at a maximum of $1,000,000 per annum. During the 2012/13 financial year a total of $720,000 was paid by way of remuneration to the non-executive directors.

Premier has not established any schemes for retirement benefits for non-executive directors (other than superannuation).

ASX ADDITIONAL INFORMATION AS AT 19 SEPTEMBER 2013

TWENTY LARGEST SHAREHOLDERS

NAME	TOTAL	% IC	RANK
CENTURY PLAZA INVESTMENTS PTY LTD	51,569,400	33.21%	1
J P MORGAN NOMINEES AUSTRALIA LIMITED	18,030,980	11.61%	2
NATIONAL NOMINEES LIMITED	10,747,071	6.92%	3
CITICORP NOMINEES PTY LIMITED	8,371,774	5.39%	4
METREPARK PTY LTD	8,235,331	5.30%	5
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,303,802	4.70%	6
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PI POOLED A/C>)	4,903,393	3.16%	7
LINFOX SHARE INVESTMENT PTY LTD	4,569,986	2.94%	8
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,250,984	2.09%	9
DANCETOWN PTY LTD	3,000,000	1.93%	10
BNP PARIBAS NOMS PTY LTD <DRP>	2,831,789	1.82%	11
UBS NOMINEES PTY LTD	2,734,921	1.76%	12
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,952,188	1.26%	13
SPRINGSAND INVESTMENTS PTY LTD	1,437,699	0.93%	14
ARGO INVESTMENTS LIMITED	1,250,000	0.81%	15
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,067,140	0.69%	16
ALLJET INVESTMENTS PTY LTD	1,007,028	0.65%	17
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	779,062	0.50%	18
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	729,074	0.47%	19
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	670,413	0.43%	20
TOTAL FOR TOP 20:	134,442,035	86.59%	

SUBSTANTIAL SHAREHOLDERS

NAME	TOTAL UNITS	% IC
CENTURY PLAZA INVESTMENTS PTY LTD AND ASSOCIATES	58,552,420	42.43%
PERPETUAL LIMITED AND ITS SUBSIDARIES	18,760,429	12.08%

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	4,264	2,066	294	182	40	6,846
Shares	1,618,673	4,834,700	2,187,503	4,440,859	142,178,743	155,260,478

The number of investors holding less than a marketable parcel of 60 securities ($8.40 on 19 September 2013) is 231 and they hold 4,834 securities.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

CORPORATE DIRECTORY

A.C.N. 006 727 966

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

COMPANY SECRETARY
Kim Davis

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About this report

This report has been printed on Monza Satin Recycled, Certified Carbon Neutral.

Monza Recycled contains 55% recycled fibre (25% post consumer and 30% pre consumer) plus FSC certified virgin pulp. All virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill.

The printer is also FSC, ISO 9001 and ISO 14001 accredited.

These certifications specify the requirements for quality and environmental management systems.

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Smiggle Growth

- Premier Retail continues to invest in international Smiggle growth
- 17 stores are now fully operational in Singapore delivering outstanding results.
- Premier Retail will launch Smiggle in the UK in Calendar 14 and the brand has the potential for 200 stores over the next five years with sales and profitability far outstripping Australia.

Smiggle Somerset

Smiggle Somerset

Smiggle Chadstone

Melbourne Central Concept


peteralexander
"Carmen Dell'Orefice, aged 82, evokes classic chic, ageless beauty in this youth obsessed culture and while designing my Mother's Day collection it seemed like a perfect collaboration."
Peter Alexander