Appendix 4E

Preliminary final report
Current Reporting Period: 53 weeks ended 30 July 2016
Previous Corresponding Period: 52 weeks ended 25 July 2015

Name of entity:

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

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

1. Reporting periods

Financial year ended ("Current period")	Financial year ended ("Previous corresponding period")
30 July 2016	**25 July 2015**

2. Results for announcement to the market

2.1	**Revenues from ordinary activities**	**up**	**10.09%**	**to**	**$1,058,961,000**
2.2	**Profit from ordinary activities after tax attributable to members**	**up**	**17.90%**	**to**	**$103,874,000**
2.3	**Net profit for the period attributable to members**	**up**	**17.90%**	**to**	**$103,874,000**

2.4 Dividends (distributions)

			Amount per security	Franked amount per security
Final dividend	Record Date	31 October 2016	25.0 cents	25.0 cents
Interim dividend	Paid	17 May 2016	23.0 cents	23.0 cents

2.5 Record date for determining entitlements to the dividend

31 October 2016

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

The current reporting period, 26 July 2015 to 30 July 2016, represents 53 weeks, and the previous corresponding reporting period is from 27 July 2014 to 25 July 2015 and represents 52 weeks.

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

3. Statement of Comprehensive Income

Please refer to the attached financial statements for the 53 weeks ended 30 July 2016.

4. Statement of Financial Position

Please refer to the attached financial statements for the 53 weeks ended 30 July 2016.

5. Statement of Cash Flows

Please refer to the attached financial statements for the 53 weeks ended 30 July 2016.

6. Statement of Changes in Equity

Please refer to the attached financial statements for the 53 weeks ended 30 July 2016.

7. Dividends

Date the dividend is payable	18 November 2016
Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of registrable transfers received by 5.00 pm if +securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	31 October 2016

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	25.0 cents	25.0 cents	Nil
	Previous year	21.0 cents	21.0 cents	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	48.0 cents	51.0 cents
Preference +securities	Nil	Nil

Preliminary final report - final dividend on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	39,291	32,840
Preference +securities	-	-
Total	39,291	32,840

8. Dividend reinvestment plans

The +dividend plans shown below are in operation.

Dividend Reinvestment plan does not apply to the final dividend.

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

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$3.08	$3.09

10. Control gained over entities having material effect

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

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Date to which the profit (loss) in item 14.2 has been calculated	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

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

Name of Associate/ Joint Venture entity	Ownership Interest	Aggregate share of profits (losses) of associate/ joint venture entity 2016	Aggregate share of profits (losses) of associate/ joint venture entity 2015
Just Kor Fashion Group (Pty) Ltd *	2016: 0% 2015: 50% *	$nil	$312,000 *
Breville Group Limited	27.5%	$13,792,000	$12,832,000

* During the second half of the previous corresponding financial year ended 25 July 2015, the Group resolved to dispose of its 50% interest in Just Kor Fashion Group (Pty) Ltd, a company incorporated in South Africa. As a result of the disposal, the group ceased equity accounting for its investment in the joint venture as at 25 January 2015, and reclassified the fair value of the investment as an asset held for sale. Commercial terms of the disposal was agreed at the end of the 2015 financial year, with settlement of the fair value completed in August 2015.

Profit after tax for the 2015 financial year of $312,000 represented the Group's share of the profit after tax for the 26 weeks ended 24 January 2015.

12. Other significant information

Please refer to the attached financial statements for the 53 weeks ended 30 July 2016

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

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

14. Commentary

For further explanation please refer to the attached financial statements for the 53 weeks ended 30 July 2016, as well as the Investor Presentation accompanying this preliminary final report.

15. Compliance statement

This report should be read in conjuction with the attached financial statements for the 53 weeks ended 30 July 2016. The attached financials do not contain a full set of disclosures as required by IFRS.

The attached financial statements are in the process of being audited.

Sign here: .... Date 22 September 2016
Company Secretary

Print name: KIM DAVIS

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

FINANCIAL STATEMENTS
FOR THE PERIOD COMMENCING 26 JULY 2015 TO 30 JULY 2016

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 30 JULY 2016 AND THE 52 WEEKS ENDED 25 JULY 2015

		CONSOLIDATED	
	NOTES	2016 $'000	2015 $'000
Continuing operations			
Revenue from sale of goods	3	1,049,226	947,662
Other revenue	3	8,228	10,230
Total revenue		1,057,454	957,892
Other income	3	1,507	3,977
Total revenue and other income		1,058,961	961,869
Changes in inventories of finished goods		(378,946)	(350,894)
Employee expenses		(268,997)	(240,469)
Operating lease rental expense	4	(204,707)	(193,812)
Depreciation, impairment and amortisation	4	(23,881)	(22,677)
Advertising and direct marketing		(11,580)	(12,879)
Finance costs	4	(4,912)	(5,738)
Expense associated with disposal of asset held for sale	4	-	(1,724)
Other expenses		(36,647)	(29,875)
Total expenses		(929,670)	(858,068)
Share of profit of associates	13	13,792	13,144
Profit from continuing operations before income tax		143,083	116,945
Income tax expense	5	(39,209)	(28,843)
Net profit for the period attributable to owners		**103,874**	**88,102**
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Net (loss) gain on cash flow hedges	19	(44,983)	35,374
Foreign currency translation	19	(5,363)	1,418
Net movement in other comprehensive income of associates	19	(70)	2,728
Income tax on items of other comprehensive income	19	13,495	(10,612)
Other comprehensive income (loss) for the period, net of tax		**(36,921)**	**28,908**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**66,953**	**117,010**
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)	23	66.27	56.49
- diluted for profit for the year (cents per share)	23	65.78	55.92

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JULY 2016 AND 25 JULY 2015

		CONSOLIDATED	
	NOTES	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	22	283,233	281,572
Trade and other receivables	7	16,461	14,341
Inventories	8	123,556	111,814
Other financial instruments		1,636	30,795
Other current assets	9	11,694	6,309
Asset classified as held for sale	10	-	1,000
Total current assets		436,580	445,831
Non-current assets			
Property, plant and equipment	11	139,237	123,537
Intangible assets	12	854,816	854,711
Deferred tax assets	5	18,858	13,476
Investments in associates	13	213,392	209,477
Other financial instruments		-	1,771
Total non-current assets		1,226,303	1,202,972
TOTAL ASSETS		1,662,883	1,648,803
LIABILITIES			
Current liabilities			
Trade and other payables	14	72,965	73,723
Interest-bearing liabilities	15	-	14
Other financial instruments		11,711	117
Income tax payable		31,953	31,781
Provisions	16	16,457	16,097
Other current liabilities	17	6,967	5,635
Total current liabilities		140,053	127,367
Non-current liabilities			
Interest-bearing liabilities	15	105,805	104,641
Deferred tax liabilities	5	57,311	64,285
Provisions	16	1,871	1,782
Other financial instruments		4,479	10
Other non-current liabilities	17	14,809	12,411
Total non-current liabilities		184,275	183,129
TOTAL LIABILITIES		324,328	310,496
NET ASSETS		1,338,555	1,338,307
EQUITY			
Contributed equity	18	608,615	608,615
Reserves	19	(2,434)	32,223
Retained earnings	20	732,374	697,469
TOTAL EQUITY		1,338,555	1,338,307

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

STATEMENT OF CASH FLOWS

FOR THE 53 WEEKS ENDED 30 JULY 2016 AND THE 52 WEEKS ENDED 25 JULY 2015

		CONSOLIDATED	
	NOTES	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,162,989	1,051,088
Payments to suppliers and employees (inclusive of GST)		(1,024,780)	(930,319)
Interest received		8,197	10,294
Borrowing costs paid		(4,943)	(5,605)
Income taxes paid		(37,800)	(22,347)
NET CASH FLOWS FROM OPERATING ACTIVITIES	22(b)	103,663	103,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		9,836	9,628
Payment for trademarks		(128)	(42)
Purchase of investments		(29)	(16,492)
Proceeds from disposal of property, plant and equipment		204	-
Proceeds from disposal of asset classified as held for sale		1,000	-
Payment for property, plant and equipment and leasehold premiums		(45,046)	(36,122)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(34,163)	(43,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(68,969)	(78,033)
Proceeds from borrowings		111,069	66,800
Repayment of borrowings		(109,571)	(80,530)
Payment of finance lease liabilities		(14)	(56)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(67,485)	(91,819)
NET INCREASE (DECREASE) IN CASH HELD		2,015	(31,736)
Cash at the beginning of the financial year		281,572	313,308
Net foreign exchange difference		(354)	-
CASH AT THE END OF THE FINANCIAL YEAR	22(a)	283,233	281,572

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

STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 30 JULY 2016 AND THE 52 WEEKS ENDED 25 JULY 2015

CONSOLIDATED							
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 26 July 2015	608,615	464	4,082	21,197	6,480	697,469	1,338,307
Net profit for the period	-	-	-	-	-	103,874	103,874
Other comprehensive loss	-	-	-	(31,488)	(5,433)	-	(36,921)
Total comprehensive income for the period	-	-	-	(31,488)	(5,433)	103,874	66,953
Transactions with owners in their capacity as owners:							
Performance rights issued	-	-	2,264	-	-	-	2,264
Dividends paid	-	-	-	-	-	(68,969)	(68,969)
Balance as at 30 July 2016	608,615	464	6,346	(10,291)	1,047	732,374	1,338,555
At 27 July 2014	608,615	464	3,281	(3,565)	2,334	687,400	1,298,529
Net profit for the period	-	-	-	-	-	88,102	88,102
Other comprehensive income	-	-	-	24,762	4,146	-	28,908
Total comprehensive income for the period	-	-	-	24,762	4,146	88,102	117,010
Transactions with owners in their capacity as owners:							
Performance rights issued	-	-	801	-	-	-	801
Dividends paid	-	-	-	-	-	(78,033)	(78,033)
Balance as at 25 July 2015	608,615	464	4,082	21,197	6,480	697,469	1,338,307

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 53 weeks ended 30 July 2016.

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report is prepared for the 53 weeks beginning 26 July 2015 to 30 July 2016.

(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 assets classified as held for sale, 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), unless otherwise stated, as the Company is a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

(b) STATEMENT OF COMPLIANCE

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

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policies, disclosures, standards and interpretations

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

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

(i) *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality:* The Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing the Standard to effectively be withdrawn.

The adoption of the amending Standard did not have any impact on the disclosures or the amounts recognised in the Group's consolidated financial report. In the current financial year the Group did not elect to early adopt any new Standards or amendments issued but not yet effective.

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 ended 30 July 2016, are outlined in the table below:

Title	Summary	Impact on the Group financial report	Effective Dates
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	The standard amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	The Group does not expect the adoption of this Standard to have a material effect on the financial position and performance of the Group.	The standard applies to annual reporting periods beginning on or after 1 January 2016. The standard is expected to be initially applied by the group for the financial year beginning 31 July 2016.
AASB 15 Revenue from Contracts with Customers, **AASB 2014-5** Amendments to Australian Accounting Standards arising from AASB 15, **AASB 2015-8** Amendments to Australian Accounting Standards – effective date of AASB 15	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue*, and Interpretation 13 *Customer Loyalty Programmes*. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* has been issued as a consequence of the issuance of International Financial Reporting Standards Clarifications to IFRS 15 *Revenue from Contracts with Customers* and clarifies some requirements and provides additional transitional relief for companies that are implementing the new Standard. The amendments do not change the underlying principles of the Standard, but rather clarify how those principles should be applied.	The new standard requires extensive disclosures, including disaggregation of total revenue and key judgements and estimates. The Group is in the process of evaluating the potential impact, if any, of the new standard on the Group.	The standard applies to annual reporting periods beginning on or after 1 January 2018. The standard is expected to be initially applied by the group for the financial year beginning 29 July 2018.
AASB 16 Leases	AASB 16 will replace AASB 117 *Leases,* Interpretation 4 *Determining whether an Arrangement contains a Lease,* Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal form of a Lease.* The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The new Standard introduces three main changes: • Enhanced guidance on identifying whether a contract contains a lease; • A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except short-term leases and leases of low value assets, and • Enhanced disclosures.	The new standard requires lessees to recognise all leases, except for short-term and low value leases, on balance sheet. The Group is in the process of evaluating the potential impact of the new standard on the Group.	The standard applies to annual reporting periods beginning on or after 1 January 2019. The standard is expected to be initially applied by the group for the financial year beginning 28 July 2019.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Title	Summary	Impact on the Group financial report	Effective Dates
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 - 2014 Cycle	AASB 2015-1 amends a number of pronouncements as a result of the IASB's 2012 – 2014 annual improvements cycle. Key amendments include: • AASB 7: Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements. • AASB 119: Discount rate; regional market issue. • AASB 134: Disclosure of information 'elsewhere in the interim financial report'.	The Group does not expect the adoption of this Standard to have a material effect on the financial position and performance of the Group, but may affect future disclosures.	The standard applies to annual reporting periods beginning on or after 1 January 2016. The standard is expected to be initially applied by the group for the financial year beginning 31 July 2016.
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	AASB 2015-2 amends AASB 101 *Presentation of Financial Statements* to provide clarification regarding the disclosure requirements in AASB 101. The amendments include narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.	The Group does not expect the adoption of this Standard to have a material effect on the financial position and performance of the Group, but may affect future disclosures.	The standard applies to annual reporting periods beginning on or after 1 January 2016. The standard is expected to be initially applied by the group for the financial year beginning 31 July 2016.
AASB 1057 Application of Australian Accounting Standards, **AASB 2015-9** Amendments to Australian Accounting Standards – Scope and Application Paragraphs	This Standard effectively moved Australian specific application paragraphs from each Standard into a combined Standard. The Standard has no impact on the application of individual standards.	The Group does not expect the adoption of this Standard to have a material effect on the financial position and performance of the Group.	The standard applies to annual reporting periods beginning on or after 1 January 2016. The standard is expected to be initially applied by the group for the financial year beginning 31 July 2016.
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	This standard amends AASB 2 *Share-based Payment*, to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on: • The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments. • The classification of share-based payment transactions with a net settlement feature for withholding tax obligations. • The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	The Group is in the process of evaluating the potential impact of the new standard on the Group.	The standard applies to annual reporting periods beginning on or after 1 January 2018. The standard is expected to be initially applied by the group for the financial year beginning 29 July 2018.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Title	Summary	Impact on the Group financial report	Effective Dates

AASB 9 Financial Instruments	AASB 9 (Dec 2014) is a new principal standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in Dec 2010) and includes a model for classification and measurement, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.
	
	The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.
	
	Amendments to AASB 9 (Dec 2009 and 2010 editions, as well as AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedge costs, risk components that can be hedged and disclosures.
	
	AASB 9 includes requirements for a simpler approach to classification and measurement of financial assets compared with the requirements of AASB 139.
	
	The main changes are described below:
	• Financial assets that are debt instruments will be classified based on 1) the objective of the entity's business model for managing the financial assets; 2) 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 investment.
	• Financial assets can be designated and measured at fair value through profit and loss at initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising gains and losses on them, on different bases.
	• Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
	  • The change attributable to changes in credit risk are presented in other comprehensive income.
	  • The remaining change is presented in profit or loss.
	
	AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. The change in accounting means that gains caused by deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.
	
	Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.
	
	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.
		The Group has not yet determined the potential effects of the standard. Retrospective application is generally required.	The standard applies to annual reporting periods beginning on or after 1 January 2018.
			
			The standard is expected to be initially applied by the group for the financial year beginning 29 July 2018.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements 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 judgements, estimates and assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

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 sale must be highly probable. For the sale to be highly probable, 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.

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 year.

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)

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 profit or loss in the statement of comprehensive income.

(ii) Significant accounting estimates and assumptions

Estimated impairment of goodwill and intangibles with indefinite useful lives

The Group tests whether goodwill and intangibles with indefinite useful lives have suffered any impairment annually, in accordance with the accounting policies stated in note 2(n) and note 2(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 12 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 an appropriate valuation model and taking into account the terms and conditions upon which the instruments were granted.

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimation of useful lives of assets

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

Depreciation charges are included in note 4.

Estimated gift card redemption rates

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

Fair value of financial instruments

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

(e) BASIS OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited (the parent entity) and its subsidiaries ('the Group') as at the end of each financial year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) BASIS OF CONSOLIDATION (CONTINUED)

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

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

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

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

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

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

(f) INVESTMENT IN ASSOCIATES

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) INVESTMENT IN ASSOCIATES (CONTINUED)

Under the equity method, investments in the associates are initially recognised at 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.

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

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

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

(g) BUSINESS COMBINATIONS

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) BUSINESS COMBINATIONS (CONTINUED)

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

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

(h) CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

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

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

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

(i) OPERATING SEGMENTS

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Both the functional and presentation currency of Premier Investments Limited and its Australian subsidiaries is 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 profit or loss in the statement of comprehensive income.

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.

(k) CASH AND CASH EQUIVALENTS

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

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

(l) INVENTORIES

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

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings	40 years
- Store plant and equipment	3 to 10 years
- Leased plant and equipment	2 to 5 years
- Other plant and equipment	2 to 20 years

Freehold land is not depreciated.

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

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

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal 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.

(n) GOODWILL

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

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

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

Impairment losses recognised for goodwill are not subsequently reversed.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) INTANGIBLE ASSETS (excluding goodwill)

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

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

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

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's value-in-use.

The recoverable amount is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value, less costs of disposal 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.

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	Indefinite
Method used	Not amortised or revalued	Amortised over the term of the lease	Not amortised or revalued
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	Annually; for indicators of impairment

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) OTHER FINANCIAL ASSETS

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

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

(i) Loans and Receivables

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

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

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

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

(q) OTHER FINANCIAL LIABILITIES

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

(i) Trade and other payables

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

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

(ii) Loans and borrowings

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

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

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) OTHER FINANCIAL LIABILITIES (CONTINUED)

(iii) Offsetting of financial instruments

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

(r) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges and are considered to be effective, 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 other comprehensive income and accumulated in the cash flow hedge reserve in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are reclassified 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 reclassified to profit or loss in 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) BORROWING COSTS

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

(t) 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.

(u) PROVISIONS

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

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

(v) ONEROUS LEASE PROVISIONS

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) SUPPLY CHAIN TRANSFORMATION PROVISIONS

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

(x) EMPLOYEE BENEFITS

(i) Wages, salaries and current annual leave

The provisions for employee entitlements to wages, salaries and annual leave (which is expected to be settled wholly within 12 months of the reporting date) 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 and non-current annual leave

The liability for long service leave and non-current annual leave (which is not expected to be settled wholly within 12 months of the reporting date) 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 high quality corporate bonds with terms to maturity that match as closely as possible the estimated cash outflow.

(iii) Retirement benefit obligations

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

(y) DEFERRED LEASE INCENTIVES

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

(z) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) REVENUE RECOGNITION

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

(i) Sale of goods

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

(ii) Interest revenue

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

(iii) Dividends

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

(iv) Lay-by sales

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

(v) Gift cards

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

(bb) 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 profit or loss. 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) INCOME TAX (CONTINUED)

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

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- When the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Tax consolidation

Premier Investments Limited and its wholly owned Australian controlled entities have implemented a tax consolidation group. The head entity, Premier Investments Limited and the controlled entities continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach to determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date the possibility of default is remote.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) INCOME TAX (CONTINUED)

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.

(cc) 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.

(dd) CONTRIBUTED EQUITY

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

(ee) 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.

(ff) 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 plan in place to provide these benefits is a long-term incentive plan known as the performance rights plan (“PRP”).

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ff) SHARE-BASED REMUNERATION SCHEMES (CONTINUED)

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 in profit or loss, 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 profit or loss in 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.

(gg) COMPARATIVES

The current reporting period, 26 July 2015 to 30 July 2016, represents 53 weeks and the comparative reporting period is from 27 July 2014 to 25 July 2015 which represents 52 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

		CONSOLIDATED	
		2016 $'000	2015 $'000
3	**REVENUE AND OTHER INCOME**		
	REVENUE		
	Revenue from sale of goods	1,049,226	945,706
	Revenue from sale of goods to associate	-	1,956
	TOTAL REVENUE FROM SALE OF GOODS	1,049,226	947,662
	OTHER REVENUE		
	Membership program fees	318	385
	Other sundry revenue	22	17
	INTEREST		
	Other persons	7,888	9,680
	Associate	-	148
	Total Interest	7,888	9,828
	TOTAL OTHER REVENUE	8,228	10,230
	TOTAL REVENUE	1,057,454	957,892
	OTHER INCOME		
	Gain on ineffective cash flow hedges	-	2,224
	Royalty and licence fees		
	Other persons	63	99
	Insurance proceeds	-	159
	Other	1,444	1,495
	TOTAL OTHER INCOME	1,507	3,977
	TOTAL REVENUE AND OTHER INCOME	1,058,961	961,869

	NOTES	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
4 EXPENSES AND LOSSES			
EXPENSES			
DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of property, plant and equipment	11	23,842	21,797
Amortisation of property, plant and equipment under lease	11	12	47
Impairment of property, plant and equipment	11	-	771
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		23,854	22,615
AMORTISATION OF NON-CURRENT ASSETS			
Amortisation of leasehold premiums	12	27	62
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		23,881	22,677
FINANCE COSTS			
Finance charges payable under finance leases		33	28
Interest on bank loans and overdraft		4,870	5,697
Provision for discount adjustment on onerous leases		9	13
TOTAL FINANCE COSTS		4,912	5,738
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		169,511	163,543
Contingent rentals		35,196	30,269
TOTAL OPERATING LEASE EXPENSES		204,707	193,812
OTHER EXPENSES INCLUDE:			
Foreign exchange losses		191	73
Loss on ineffective cash flow hedges		2,010	-
Net loss on disposal of property, plant and equipment		413	758

EXPENSE ASSOCIATED WITH DISPOSAL OF ASSET HELD FOR SALE

In the 2015 financial year, the Group resolved to dispose of its 50% interest in a joint venture entity, Just Kor Fashion Group (Pty) Ltd, which was involved in retailing of the Jay Jays concept in South Africa. The commercial terms of the sale had been agreed as at year-end, with transfer of the consideration completed in August 2015.

As a result of the disposal, the Group reclassified its investment in associate to an asset classified as held for sale in the 2015 financial year. The Group incurred an impairment loss of $765,000 in the 2015 financial year on revaluing its investment classified as held for sale at fair value. Other costs associated with the sale of the investment amounted to $959,000, and were expensed in 2015.

Refer to note 10 for further information on the asset held for sale at the end of the previous year.

		CONSOLIDATED	
		2016 $'000	2015 $'000
5	**INCOME TAX**		
	The major components of income tax expense are:		
(a)	*INCOME TAX RECOGNISED IN PROFIT OR LOSS*		
	CURRENT INCOME TAX		
	Current income tax charge	38,044	30,776
	Adjustment in respect of current income tax of previous years	(90)	(1,031)
	DEFERRED INCOME TAX		
	Relating to origination and reversal of temporary differences	1,841	(1,057)
	Adjustments in respect of current income tax of previous years	(586)	155
	INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	39,209	28,843
(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	(13,495)	10,612
	INCOME TAX EXPENSE (BENEFIT) REPORTED IN EQUITY	(13,495)	10,612
(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	143,083	116,945
	At the Parent Entity's statutory income tax rate of 30% (2015: 30%)	42,925	35,084
	Adjustment in respect of current income tax of previous years	(609)	(1,031)
	Effect of exchange rates	(38)	(337)
	Expenditure not allowable for income tax purposes	751	43
	Effect of different rates of tax on overseas income	(1,641)	(533)
	Income not assessable for tax purposes	(3,749)	(3,849)
	Other	1,570	(534)
	AGGREGATE INCOME TAX EXPENSE	39,209	28,843

		CONSOLIDATED	
		2016 $'000	2015 $'000
5	**INCOME TAX (CONTINUED)**		
(d)	*RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES*		
	DEFERRED TAX RELATES TO THE FOLLOWING:		
	Foreign currency balances	(703)	(5)
	Potential capital gains tax on financial investments	(47,892)	(46,322)
	Deferred gains and losses on foreign exchange contracts	4,367	(9,731)
	Inventory provisions	70	13
	Deferred income	6,431	5,100
	Employee provisions	5,438	5,109
	Other receivables and prepayments	(1,019)	(262)
	Property, plant and equipment	(6,032)	(4,817)
	Leased plant and equipment	-	(4)
	Other	887	106
	Lease liability	-	4
	NET DEFERRED TAX LIABILITIES	(38,453)	(50,809)
	REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
	Deferred tax assets	18,858	13,476
	Deferred tax liabilities	(57,311)	(64,285)
	NET DEFERRED TAX LIABILITIES	(38,453)	(50,809)
6	**DIVIDENDS PAID AND PROPOSED**		
	RECOGNISED DIVIDEND AMOUNTS		
	Declared and paid during the year:		
	Interim franked dividends for 2016:		
	23 cents per share (2015: 21 cents)	36,129	32,823
	Special franked dividends for 2016:		
	nil cents per share (2015: 9 cents)	-	14,067
	Final franked dividends for 2015:		
	21 cents per share (2014: 20 cents)	32,840	31,143
	TOTAL DECLARED AND PAID DURING THE YEAR	68,969	78,033
	UNRECOGNISED DIVIDEND AMOUNTS		
	Final franked dividend for 2016:		
	25 cents per share (2015: 21 cents)	39,291	32,840

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
6 DIVIDENDS PAID AND PROPOSED (CONTINUED)		
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% (2015: 30%)	198,813	193,190
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	27,434	29,042
- franking debits that will arise from the payment of dividends as at the end of the financial year	(16,839)	(14,074)
TOTAL FRANKING CREDIT BALANCE	209,408	208,158

The tax rate at which paid dividends have been franked is 30% (2015: 30%). Dividends proposed will be franked at the rate of 30% (2015: 30%).

7 TRADE AND OTHER RECEIVABLES

	2016	2015
CURRENT		
Sundry debtors	16,461	12,963
Associate	-	1,378
CARRYING AMOUNT OF TRADE AND OTHER RECEIVABLES	16,461	14,341

(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 year ended 30 July 2016 (2015: $nil). During the year, no bad debt expense (2015: $nil) 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.

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
8 INVENTORIES		
The valuation policy adopted in respect of the following is set out in Note 2(l)		
Finished goods	123,556	111,814
TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	123,556	111,814

		CONSOLIDATED	
		2016 $'000	2015 $'000
9	OTHER ASSETS		
	CURRENT		
	Deposits and prepayments	11,694	6,309
	TOTAL OTHER CURRENT ASSETS	11,694	6,309
10	ASSET CLASSIFIED AS HELD FOR SALE		
	Investment in Just Kor Fashion Group (Pty) Ltd	-	1,000
	TOTAL ASSETS HELD FOR SALE	-	1,000

INVESTMENT IN JUST KOR FASHION GROUP (PTY) LTD

Just Jeans Group Pty Ltd, a subsidiary of Premier Investments Limited, had a 50% interest in a joint venture entity, Just Kor Fashion Group (Pty) Ltd, which was involved in retailing of the Jay Jays concept in South Africa. During the second half of the 2015 financial year, the Group resolved to dispose of its 50% interest in the joint venture entity. As a result of the disposal, the group ceased equity accounting for its investment in the joint venture and classified the fair value of the investment as an asset held for sale.

The commercial terms of the sale was agreed at the end of the 2015 financial year, with settlement of the fair value completed in August 2015.

As a result of the reclassification from investment in associate to asset held for sale, and the subsequent revaluing to fair value of the asset held for sale, an impairment loss of $765,000 was recognised in the 2015 financial year.

Refer to note 13 for further details of the amounts previously recognised as an investment in associate.

The investment in the joint venture formed part of the Retail Operating Segment in the financial statements. Refer to note 21, Operating Segments.

		CONSOLIDATED	
		2016 $'000	2015 $'000
11	PROPERTY, PLANT AND EQUIPMENT		
	Land – at cost	3,203	3,203
	Buildings – at cost	14,985	14,985
	Less: accumulated depreciation and impairment	(807)	(432)
	Total	14,178	14,553
	Plant and equipment – at cost	242,121	213,916
	Less: accumulated depreciation and impairment	(122,084)	(110,075)
	Total	120,037	103,841
	Capitalised leased assets – at cost	343	343
	Less: accumulated depreciation and impairment	(343)	(331)
	Total	-	12
	Capital works in progress	1,819	1,928
	TOTAL PROPERTY, PLANT AND EQUIPMENT	139,237	123,537

	NOTES	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
RECONCILIATIONS			
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:			
Land			
At beginning of the financial year		3,203	3,203
Net carrying amount at end of financial year		3,203	3,203
Buildings			
At beginning of financial year		14,553	14,928
Depreciation	4	(375)	(375)
Net carrying amount at end of financial year		14,178	14,553
Plant and equipment			
At beginning of the financial year		103,841	90,838
Additions		40,858	34,598
Transfers from capital works in progress		1,928	-
Disposals		(1,186)	(857)
Exchange differences		(1,937)	1,455
Impairment – plant and equipment	4	-	(771)
Depreciation	4	(23,467)	(21,422)
Net carrying amount at end of financial year		120,037	103,841
Leased plant and equipment			
At beginning of the financial year		12	59
Amortisation	4	(12)	(47)
Net carrying amount at end of financial year		-	12
Capital works in progress			
At beginning of the financial year		1,928	-
Additions		1,819	1,928
Transfers to plant and equipment		(1,928)	-
Net carrying amount at end of financial year		1,819	1,928
TOTAL PROPERTY PLANT AND EQUIPMENT		139,237	123,537

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

LAND AND BUILDINGS

The land and buildings with a combined carrying amount of $17,381,000 have been pledged to secure certain interest-bearing borrowings of the Group (refer to note 15).

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

The post-tax discount rate applied to the cash flow projections is 10.5% (2015: 10.5%) and the cash flows beyond the five year period are extrapolated using a growth rate of 3% (2015: 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. No impairment loss was recognised during the current financial year (2015: Impairment loss recognised of $771,000).

12 INTANGIBLES

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

	CONSOLIDATED				
	GOODWILL $'000	BRAND NAMES $'000	TRADEMARK $'000	LEASEHOLD PREMIUMS $'000	TOTAL $'000
YEAR ENDED 30 JULY 2016					
As at 26 July 2015 net of accumulated amortisation and impairment	477,085	376,179	1,324	123	854,711
Trademark registrations	-	-	128	-	128
Amortisation	-	-	-	(27)	(27)
Exchange differences	-	-	-	4	4
As at 30 July 2016 net of accumulated amortisation and impairment	477,085	376,179	1,452	100	854,816
AS AT 30 JULY 2016					
Cost (gross carrying amount)	477,085	376,179	1,452	989	855,705
Accumulated amortisation and impairment	-	-	-	(889)	(889)
Net carrying amount	477,085	376,179	1,452	100	854,816
YEAR ENDED 25 JULY 2015					
As at 27 July 2014 net of accumulated amortisation and impairment	477,085	376,179	1,282	26	854,572
Additions	-	-	-	158	158
Trademark registrations	-	-	42	-	42
Amortisation	-	-	-	(62)	(62)
Exchange differences	-	-	-	1	1
As at 25 July 2015 net of accumulated amortisation and impairment	477,085	376,179	1,324	123	854,711
AS AT 25 JULY 2015					
Cost (gross carrying amount)	477,085	376,179	1,324	965	855,553
Accumulated amortisation and impairment	-	-	-	(842)	(842)
Net carrying amount	477,085	376,179	1,324	123	854,711

12 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 2016 for a period of five years plus a terminal value. The cash flow projections are based on financial estimates approved by senior management and the Board for the 2017 financial year and are projected for a further four years based on estimated growth rates of 3.4% to 3.5% (2015: 3.4%). As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives.

Cash flows beyond the five year period are extrapolated using a growth rate of 3% (2015: 3%) which reflects the long-term growth expectation beyond the five year projection.

The post-tax discount rate applied to these cash flow projections is 10.1% (2015: 10.7%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital.

Management has considered the possible change in expected sales growth, forecast Earnings Before Interest, Tax and Amortisation (EBITA) and discount rates applied within the CGU to which goodwill relate, each of which have been subject to sensitivities. A reasonably possible adverse change in these key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

IMPAIRMENT TESTING OF BRAND NAMES

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

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

The recoverable amounts of brand names acquired in a business combination are determined on an individual brand basis based upon a value-in-use calculation. The value-in-use calculation has been determined based upon the relief from royalty method using cash flow projections as at July 2016 for a period of five years plus a terminal value. The cash flow projections are based on financial estimates approved by senior management and the Board for the 2017 financial year and are projected for a further four years based on estimated growth rates.

12 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)

The extrapolated growth rates at which cash flows have been projected for the individual brands within each of the CGU groups have been summarised in the table below. Cash flows beyond the five year period are extrapolated using a growth rate of 3% (2015: 3%), which reflects the long-term growth expectation beyond the five year projection.

The extrapolated growth rates at which cash flows have been discounted or the individual brands within each of the CGU groups have been summarised below:

CGU	*AVERAGE GROWTH RATES APPLIED TO PROJECTED CASH FLOWS*	*TERMINAL VALUE GROWTH RATE*
Casual wear	3.5% to 4%	3%
Women’s wear	3.5% to 5%	3%
Non Apparel	3%	3%

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

The post-tax discount rate applied to the cash flow projections for each of the three CGU groups is 9.0% (2015: 9.7%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and cost of capital.

Royalty rates have been determined for each brand within the CGU groups 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 considering the notional royalty payments as a percentage of the divisional earnings before interest and taxation generated by the division in which the Brand names are used. Net royalty rates applied across the three CGU groups range between 3.5% and 8.5% (2015: 3.5% and 8.5%).

Management has considered the possible change in expected sales growth, net royalty rates and discount rates applied to brands within the relevant CGU groups, each of which have been subjected to sensitivities. A reasonably possible adverse change in these key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU groups to exceed its recoverable amount.

	NOTES	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
13 INVESTMENTS IN ASSOCIATES			
Movements in carrying amounts			
Carrying amount at the beginning of the financial year		209,477	188,418
Increase in investment in associate		29	16,492
Share of profit after income tax		13,792	13,144
Share of other comprehensive income		(70)	2,728
Foreign currency translation of investment		-	88
Dividends received		(9,836)	(9,628)
Impairment loss on investment in associate	4	-	(765)
Transferred to asset classified as held for sale	10	-	(1,000)
Investments in associates		213,392	209,477

Just Kor Fashion Group (Pty) Ltd

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

During the second half of the 2015 financial year, the Group resolved to dispose of its 50% interest in the joint venture entity. As a result of the disposal, the Group ceased equity accounting for its investment in the joint venture and classified the fair value of the investment as an asset held for sale. The commercial terms of the sale was agreed at the end of the 2015 financial year, with transfer of the consideration completed in August 2015.

As a result of the reclassification from investment in associate to asset classified as held for sale and the subsequent revaluing to fair value, an impairment loss of $765,000 was recognised in the 2015 financial year. Prior to classifying the investment as held for sale, the Group's share of the profit in its investment in the associate for the first half of the 2015 financial year was $311,850.

The following table illustrates summarised financial information relating to the Group's investment in Just Kor Fashion Group (Pty) Ltd for the 2015 financial year:

EXTRACT OF THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME	2016 $'000	26 WEEKS ENDED 26 JANUARY 2015 $'000
Revenue	-	18,212
Profit after income tax	-	624
Group's share of profit after income tax	-	312

13 INVESTMENTS IN ASSOCIATES (CONTINUED)

Breville Group Limited

As at 30 July 2016, Premier Investments Limited holds 27.5% (2015: 27.5%) of Breville Group Limited, a company incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The principal activities of Breville Group Limited involve the innovation, development, marketing and distribution of small electrical appliances.

As at 30 July 2016, the fair value of the Group's interest in Breville Group Limited as determined based on the quoted market price was $282,555,326 (2015: $228,873,056).

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 after tax in its investment in associate for the year was $13,792,283 (2015: $12,832,332).

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 2016 have been used.

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

EXTRACT OF THE ASSOCIATE'S STATEMENT OF FINANCIAL POSITION	30 JUNE 2016 $'000	30 JUNE 2015 $'000
Current assets	258,512	254,808
Non-current assets	111,455	106,464
Total assets	369,967	361,272
Current liabilities	(108,204)	(102,626)
Non-current liabilities	(15,758)	(27,241)
Total liabilities	(123,962)	(129,867)
NET ASSETS	246,005	231,405
Group's share of associate's net assets	67,627	63,613
EXTRACT OF THE ASSOCIATE'S STATEMENT OF COMPREHENSIVE INCOME	30 JUNE 2016 $'000	30 JUNE 2015 $'000
Revenue	576,573	527,036
Profit after income tax	50,172	46,680
Other comprehensive (loss) income	(255)	9,889
Group's share of profit after income tax	13,792	12,832

		CONSOLIDATED	
		2016 $'000	2015 $'000
14	**TRADE AND OTHER PAYABLES**		
	CURRENT		
	Trade creditors	31,632	38,162
	Other creditors and accruals	41,333	35,561
	TOTAL CURRENT	72,965	73,723

(a) *Fair values*

Due to the short-term nature of these payables, their carrying values approximate their fair values.

		CONSOLIDATED	
		2016 $'000	2015 $'000
15	**INTEREST-BEARING LIABILITIES**		
	CURRENT		
	Lease liability	-	14
	TOTAL CURRENT	-	14
	NON-CURRENT		
	Bank loans ** secured	19,000	19,000
	Bank loans* unsecured	86,805	67,623
	Bank loans* unsecured (NZ$20.0 million)	-	18,018
		105,805	104,641
	TOTAL NON-CURRENT	105,805	104,641

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

** Premier Investments Limited obtained a bank borrowing amounting to $19 million. The borrowing is secured by a mortgage over the Land and Buildings, representing the National Distribution Centre in Truganina, Victoria. The borrowing is repayable in full at the end of 5 years, being January 2019.

(a) *Fair values*

The carrying values of the Group's current and non-current borrowings approximate their fair values.

(b) *Defaults and breaches*

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

		CONSOLIDATED	
		2016 $'000	2015 $'000
16	PROVISIONS		
	CURRENT		
	Employee entitlements – Annual Leave	10,903	10,209
	Employee entitlements – Long Service Leave	5,554	5,189
	Supply chain transformation	-	497
	Onerous leases	-	202
	TOTAL CURRENT	16,457	16,097
	NON-CURRENT		
	Employee entitlements – Long Service Leave	1,871	1,782

MOVEMENTS IN PROVISIONS

Supply chain transformation		
Opening balance	497	1,100
Utilised during the period	(497)	(603)
Closing balance	-	497
Onerous leases		
Opening balance	202	541
Charged to profit or loss	-	36
Utilised during the period	(202)	(375)
Closing balance	-	202

NATURE AND TIMING OF PROVISIONS

Supply chain transformation, onerous lease and employee entitlements provisions

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

		CONSOLIDATED	
		2016 $'000	2015 $'000
17	OTHER LIABILITIES		
	CURRENT		
	Deferred income	6,967	5,635
	TOTAL CURRENT	6,967	5,635
	NON-CURRENT		
	Deferred income	14,809	12,411
	TOTAL NON-CURRENT	14,809	12,411

	CONSOLIDATED	
	2016 $'000	2015 $'000

18 CONTRIBUTED EQUITY

Ordinary shares	608,615	608,615

	NO. ('000)	$'000
(a) MOVEMENTS IN SHARES ON ISSUE		
Shares on issue 26 July 2015	156,380	608,615
Shares issued during the year (i)	784	-
Shares on issue at 30 July 2016	157,164	608,615
Shares on issue 27 July 2014	155,714	608,615
Shares issued during the year (i)	666	-
Shares on issue at 25 July 2015	156,380	608,615

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

(i) A total of 784,386 shares (2015: 665,201) 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 15, cash and cash equivalents as disclosed in Note 22 and equity attributable to the equity holders of the parent comprising of issued capital, reserves and retained profits as disclosed in Notes 18, 19 and 20 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.

(c) 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	
		2016 $'000	2015 $'000
19	**RESERVES**		
	RESERVES COMPRISE:		
	Capital profits reserve (a)	464	464
	Foreign currency translation reserve (b)	1,047	6,480
	Cash flow hedge reserve (c)	(10,291)	21,197
	Performance rights reserve (d)	6,346	4,082
	TOTAL RESERVES	(2,434)	32,223
(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)	*FOREIGN CURRENCY TRANSLATION RESERVE*		
	(i) Nature and purpose of reserve		
	This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.		
	(ii) Movements in the reserve		
	Opening balance	6,480	2,334
	Foreign currency translation of overseas subsidiaries	(5,363)	1,418
	Net movement in associate entity's reserves	(70)	2,728
	CLOSING BALANCE	1,047	6,480
(c)	*CASH FLOW HEDGE RESERVE*		
	(i) Nature and purpose of reserve		
	This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.		
	(ii) Movements in the reserve		
	Opening balance	21,197	(3,565)
	Net gain (loss) on cash flow hedges	(24,076)	19,251
	Transferred to (from) statement of financial position/profit or loss	(20,907)	16,123
	Net deferred income tax movement on cash flow hedges	13,495	(10,612)
	CLOSING BALANCE	(10,291)	21,197

	CONSOLIDATED	
	2016 $'000	2015 $'000

19 RESERVES (CONTINUED)

(d) 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

	2016 $'000	2015 $'000
Opening balance	4,082	3,281
Performance rights expense for the year	2,264	801
CLOSING BALANCE	6,346	4,082

20 RETAINED EARNINGS

	2016 $'000	2015 $'000
Opening balance	697,469	687,400
Net profit for the period attributable to owners	103,874	88,102
Dividends paid	(68,969)	(78,033)
CLOSING BALANCE	732,374	697,469

21 OPERATING SEGMENTS

Identification of operating 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.

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 investments in securities for both long and short term gains, dividend income and interest.

Accounting policies

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

Income tax expense

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

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

The following table presents revenue and profit information for operating segments for the periods ended 30 July 2016 and 25 July 2015.

21 OPERATING SEGMENTS (CONTINUED)

(a) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
REVENUE								
Sale of goods	1,049,226	947,662	-	-	-	-	1,049,226	947,662
Interest revenue	186	390	7,702	9,438	-	-	7,888	9,828
Other revenue	322	388	62,018	48,014	(62,000)	(48,000)	340	402
Other income	1,507	3,751	-	226	-	-	1,507	3,977
Total Segment Income	1,051,241	952,191	69,720	57,678	(62,000)	(48,000)	1,058,961	961,869
Total income per the statement of comprehensive income							**1,058,961**	**961,869**
RESULTS								
Depreciation and amortisation	23,881	21,906	-	-	-	-	23,881	21,906
Impairment of property plant and equipment	-	771	-	-	-	-	-	771
Interest expense	4,912	5,738	-	-	-	-	4,912	5,738
Disposal of asset held for sale	-	1,724	-	-	-	-	-	1,724
Share of profit of associates	-	312	13,792	12,832	-	-	13,792	13,144
Segment profit before income tax expense	**126,207**	**98,958**	**78,876**	**65,987**	**(62,000)**	**(48,000)**	**143,083**	**116,945**
Income tax expense							(39,209)	(28,843)
Net profit after tax per the statement of comprehensive income							**103,874**	**88,102**
ASSETS AND LIABILITIES								
Segment assets	446,874	442,900	1,283,894	1,278,659	(67,885)	(72,756)	1,662,883	1,648,803
Segment liabilities	270,091	260,971	76,106	76,268	(21,869)	(26,742)	324,328	310,496
Capital expenditure	42,677	36,526	-	-	-	-	42,677	36,526

21 OPERATING SEGMENT (CONTINUED)

(b) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		ASIA		UNITED KINGDOM		TOTAL		ELIMINATIONS		CONSOLIDATED	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
REVENUE														
Sale of goods	834,932	784,802	130,158	122,170	26,081	20,893	58,055	19,797	1,049,226	947,662	-	-	1,049,226	947,662
Other revenue and income	60,455	13,529	8,426	664	-	-	13	14	68,894	14,207	(59,159)	-	9,735	14,207
Segment income	895,387	798,331	138,584	122,834	26,081	20,893	58,068	19,811	1,118,120	961,869	(59,159)	-	1,058,961	961,869
Segment non-current assets	1,238,701	1,233,122	10,033	8,006	4,142	2,816	25,372	13,368	1,278,248	1,257,312	(51,945)	(54,340)	1,226,303	1,202,972
Capital expenditure	19,837	25,954	3,702	2,039	1,979	556	17,159	7,977	42,677	36,526	-	-	42,677	36,526

		CONSOLIDATED	
		2016 $'000	2015 $'000
22	**NOTES TO THE STATEMENT OF CASH FLOWS**		
(a)	*RECONCILIATION OF CASH AND CASH EQUIVALENTS*		
	Cash at bank and in hand	29,551	35,099
	Short-term deposits	253,682	246,473
	TOTAL CASH ASSETS AND CASH EQUIVALENTS	283,233	281,572
(b)	*RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET PROFIT AFTER INCOME TAX*		
	Net profit for the period	103,874	88,102
	Adjustments for:		
	Amortisation	39	109
	Depreciation	23,842	21,797
	Impairment and write-off of non-current assets	-	1,536
	Foreign exchange losses	191	73
	Share of profit of associates	(13,792)	(13,144)
	Finance charges on capitalised leases	33	28
	Borrowing costs	191	153
	Net loss on disposal of property, plant and equipment	413	758
	Share-based payments expense	2,264	801
	Movement in cash flow hedge reserve	(31,488)	24,762
	Net exchange differences	(230)	(716)
	Changes in assets and liabilities net of the effects from acquisition and disposal of businesses:		
	Increase (decrease) in provisions	449	(141)
	Increase (decrease) in deferred tax liabilities	(6,974)	11,699
	Increase in trade and other payables	7,291	18,858
	Increase (decrease) in other financial liabilities	16,063	(6,674)
	Decrease in deferred income	(6,464)	(4,420)
	Increase in trade and other receivables	(632)	(898)
	Increase in other current assets	(5,385)	(1,094)
	Increase in inventories	(11,742)	(13,318)
	Decrease (increase) in other financial assets	30,930	(30,970)
	Increase in deferred tax assets	(5,382)	(1,329)
	Increase in income tax payable	172	7,139
	NET CASH FLOWS FROM OPERATING ACTIVITIES	103,663	103,111

	CONSOLIDATED	
	2016 $'000	2015 $'000

22 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) FINANCE FACILITIES

	2016 $'000	2015 $'000
Working capital and bank overdraft facility		
Used	-	-
Unused	11,800	11,800
	11,800	11,800
Finance facility		
Used	106,000	105,018
Unused	53,000	53,982
	159,000	159,000
Bank guarantee facility		
Used	51	188
Unused	149	12
	200	200
Interchangeable facility		
Used	5,156	3,899
Unused	2,844	4,101
	8,000	8,000
Leasing facility		
Used	-	14
Unused	-	-
	-	14
Total facilities		
Used	111,207	109,119
Unused	67,793	69,895
TOTAL	179,000	179,014

	CONSOLIDATED	
	2016 $'000	2015 $'000

23 EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit for the period	103,874	88,102

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	156,733	155,967
- diluted earnings per share	157,918	157,564

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.

24 EVENTS AFTER THE REPORTING DATE

On 21 September 2016, the Directors of Premier Investments Limited declared a final dividend in respect of the 2016 financial year. The total amount of the dividend is $39,291,000 (2015: $32,840,000) which represents a fully franked dividend of 25 cents per share (2015: 21 cents per share).

25 CONTINGENT LIABILITIES

The Group has bank guarantees totalling $5,206,702 (2015: $4,087,246).