Appendix 4E

Preliminary final report
Current Reporting Period: 52 weeks ended 29 July 2017
Previous Corresponding Period: 53 weeks ended 30 July 2016

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")
29 July 2017	**30 July 2016**

2. Results for announcement to the market

2.1	**Revenues from ordinary activities**	**up**	**3.98%**	**to**	**$1,101,132,000**
2.2	**Profit from ordinary activities after tax attributable to members**	**up**	**1.21%**	**to**	**$105,136,000**
2.3	**Net profit for the period attributable to members**	**up**	**1.21%**	**to**	**$105,136,000**

2.4 Dividends (distributions)

			Amount per security	Franked amount per security
Final dividend	Record Date	30 October 2017	27.0 cents	27.0 cents
Interim dividend	Paid	17 May 2017	26.0 cents	26.0 cents

2.5 Record date for determining entitlements to the dividend

30 October 2017

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

The current reporting period, 31 July 2016 to 29 July 2017, represents 52 weeks, and the previous corresponding reporting period is from 26 July 2015 to 30 July 2016 and represents 53 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 52 weeks ended 29 July 2017.

4. Statement of Financial Position

Please refer to the attached financial statements for the 52 weeks ended 29 July 2017.

5. Statement of Cash Flows

Please refer to the attached financial statements for the 52 weeks ended 29 July 2017.

6. Statement of Changes in Equity

Please refer to the attached financial statements for the 52 weeks ended 29 July 2017.

7. Dividends

Date the dividend is payable	17 November 2017
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)	30 October 2017

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	27.0 cents	27.0 cents	Nil
	Previous year	25.0 cents	25.0 cents	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	53.0 cents	48.0 cents
Preference +securities	Nil	Nil

Preliminary final report - final dividend on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	42,592	39,358
Preference +securities	-	-
Total	42,592	39,358

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	$3.05	$3.08

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 2017	Aggregate share of profits (losses) of associate/ joint venture entity 2016
Breville Group Limited	27.5%	$14,799,000	$13,792,000

12. Other significant information

Please refer to the attached financial statements for the 52 weeks ended 29 July 2017.

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 52 weeks ended 29 July 2017, 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 52 weeks ended 29 July 2017. 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 24 September 2017
Company Secretary

Print name: KIM DAVIS

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

APPENDIX 4E
FINANCIAL STATEMENTS
FOR THE PERIOD COMMENCING 31 JULY 2016 TO 29 JULY 2017

CONTENTS

PREMIER INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016

	NOTES	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Revenue from sale of goods	4	1,092,760	1,049,226
Other revenue	4	6,422	8,228
Total revenue		1,099,182	1,057,454
Other income	4	1,950	1,507
Total revenue and other income		1,101,132	1,058,961
Changes in inventories of finished goods		(403,336)	(378,946)
Employee expenses		(272,896)	(268,997)
Operating lease rental expense	5	(211,779)	(204,707)
Depreciation, impairment and amortisation	5	(26,071)	(23,881)
Advertising and direct marketing		(13,737)	(11,580)
Finance costs	5	(6,242)	(4,912)
Other expenses		(42,725)	(36,647)
Total expenses		(976,786)	(929,670)
Share of profit of associate	18	14,799	13,792
Profit from continuing operations before income tax		139,145	143,083
Income tax expense	6	(34,009)	(39,209)
Net profit for the period attributable to owners		**105,136**	**103,874**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Net loss on cash flow hedges	22	(7,129)	(44,983)
Foreign currency translation	22	(4,008)	(5,363)
Net fair value loss on available-for-sale financial assets	22	(34,700)	-
Net movement in other comprehensive income of associates	22	(700)	(70)
Income tax on items of other comprehensive income	22	12,661	13,495
Other comprehensive loss for the period, net of tax		**(33,876)**	**(36,921)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**71,260**	**66,953**
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)	7	66.78	66.27
- diluted for profit for the year (cents per share)	7	66.25	65.78

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

PREMIER INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 29 JULY 2017 AND 30 JULY 2016

	NOTES	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	19	170,631	283,233
Trade and other receivables	9	23,682	16,461
Inventories	10	140,755	123,556
Other financial instruments		181	1,636
Other current assets	11	11,572	11,694
Total current assets		346,821	436,580
Non-current assets			
Property, plant and equipment	15	214,378	139,237
Intangible assets	16	855,114	854,816
Deferred tax assets	6	35,773	18,858
Available-for-sale financial assets	17	67,665	-
Investment in associate	18	216,940	213,392
Total non-current assets		1,389,870	1,226,303
TOTAL ASSETS		**1,736,691**	**1,662,883**
LIABILITIES			
Current liabilities			
Trade and other payables	12	71,528	72,965
Other financial instruments		21,651	11,711
Income tax payable		17,936	31,953
Provisions	13	19,365	16,457
Other current liabilities	14	12,910	6,967
Total current liabilities		143,390	140,053
Non-current liabilities			
Interest-bearing liabilities	20	173,475	105,805
Deferred tax liabilities	6	58,787	57,311
Provisions	13	1,828	1,871
Other financial instruments		460	4,479
Other non-current liabilities	14	23,078	14,809
Total non-current liabilities		257,628	184,275
TOTAL LIABILITIES		**401,018**	**324,328**
NET ASSETS		**1,335,673**	**1,338,555**
EQUITY			
Contributed equity	21	608,615	608,615
Reserves	22	(30,100)	(2,434)
Retained earnings		757,158	732,374
TOTAL EQUITY		**1,335,673**	**1,338,555**

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

PREMIER INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016

	NOTES	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,211,741	1,162,989
Payments to suppliers and employees (inclusive of GST)		(1,063,463)	(1,024,780)
Interest received		6,715	8,197
Borrowing costs paid		(5,722)	(4,943)
Income taxes paid		(51,434)	(37,800)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19(b)	**97,837**	**103,663**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		10,551	9,836
Payment for trademarks		(325)	(128)
Purchase of investments		(102,365)	(29)
Proceeds from disposal of property, plant and equipment		5	204
Proceeds from disposal of asset classified as held for sale		-	1,000
Payment for property, plant and equipment and leasehold premiums		(105,634)	(45,046)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(197,768)**	**(34,163)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(80,352)	(68,969)
Proceeds from borrowings		155,000	111,069
Repayment of borrowings		(87,074)	(109,571)
Payment of finance lease liabilities		-	(14)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(12,426)**	**(67,485)**
NET (DECREASE) INCREASE IN CASH HELD		**(112,357)**	**2,015**
Cash at the beginning of the financial year		**283,233**	281,572
Net foreign exchange difference		(245)	(354)
CASH AT THE END OF THE FINANCIAL YEAR	19(a)	**170,631**	**283,233**

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

PREMIER INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016

	CONSOLIDATED							
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	FAIR VALUE RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 31 July 2016	608,615	464	6,346	(10,291)	1,047	-	732,374	1,338,555
Net profit for the period	-	-	-	-	-	-	105,136	105,136
Other comprehensive loss	-	-	-	(4,990)	(4,708)	(24,178)	-	(33,876)
Total comprehensive income for the period	**-**	**-**	**-**	**(4,990)**	**(4,708)**	**(24,178)**	**105,136**	**71,260**
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	6,210	-	-	-	-	6,210
Dividends paid	-	-	-	-	-	-	(80,352)	(80,352)
Balance as at 29 July 2017	**608,615**	**464**	**12,556**	**(15,281)**	**(3,661)**	**(24,178)**	**757,158**	**1,335,673**
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 income	-	-	-	(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**

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

1 GENERAL INFORMATION

The report contains the consolidated financial statements of the consolidated entity, comprising Premier Investments (the 'parent entity') and its wholly owned subsidiaries (the 'Group') for the 52 weeks ended 29 July 2017.

Premier Investments Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The Group has reviewed the content and structure of its financial report in order to improve and clarify the presentation of financial information. The presentation changes focussed on reviewing disclosures and reorganising notes to the financial statements in such a way as to provide users with more clear, understandable and structured financial information, which better explains the financial performance and position of the Group.

The notes to the financial statements have been organised into the following sections:

(i) *Other significant group accounting policies:* Summarises the basis of financial statement preparation and other accounting policies adopted in the preparation of these consolidated financial statements. Specific accounting policies are disclosed in the note to which they relate.

(ii) *Group performance:* Contains the notes that focus on the results and performance of the Group.

(iii) *Operating assets and liabilities:* Provides information on the Group's assets and liabilities used to generate the Group's performance.

(iv) *Capital invested:* Provides information on the capital invested which allows the Group to generate its performance.

(v) *Capital structure:* Provides information on the Group's capital structure and capital management.

(vi) *Group structure:* Contains information in relation to the Group's structure and related parties.

(vii) *Other disclosures:* Summarises other relevant disclosures.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES

The consolidated financial report is prepared for the 52 weeks from 31 July 2016 to 29 July 2017.

Below is a summary of significant group accounting policies applicable to the Group which have not been disclosed elsewhere. The notes to the financial statements, which contain detailed accounting policy notes, should be read in conjunction with the below Group accounting policies.

(a) BASIS OF FINANCIAL REPORT PREPARATION

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

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.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(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) BASIS OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited and its wholly owned subsidiaries as at the end of each financial year. A list of the Group's subsidiaries is included in note 23.

Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group has:

- Power over 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.

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 revenue in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment.

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.

(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 results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified certain critical accounting policies for which significant judgements, estimates and assumptions are required. These key judgements, estimates and assumptions have been disclosed as part of the relevant note to the financial statements. 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.

(e) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current versus 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.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(e) CURRENT VERSUS NON-CURRENT CLASSIFICATION (CONTINUED)

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

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

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

(f) 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.

(g) 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 are taken to profit or loss in the statement of comprehensive income.

As at the reporting date the non-monetary assets and liabilities of the overseas subsidiaries 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 income are translated at the weighted average exchange rates for the period.

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

(h) GOODS AND SERVICES TAX (GST), INCLUDING OTHER VALUE-ADDED TAXES

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

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

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

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

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

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(i) COMPARATIVE AMOUNTS

The current reporting period, 31 July 2016 to 29 July 2017, represents 52 weeks and the comparative reporting period is from 26 July 2015 to 30 July 2016 which represents 53 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

(j) 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 for new and amended Australian Accounting Standards and AASB Interpretations relevant to the Group and its operations that are effective for the current annual reporting period.

The new and amended Australian Accounting Standards and AASB Interpretations relevant to the Group for the current annual reporting period are as follows:

(i) *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 depreciation or amortisation should be calculated.

(ii) *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 – 2014 Cycle:* The Standard amends a number of pronouncements as a result of the IASB's 2012 – 2014 annual improvements cycle.

(iii) *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101:* The Standard amends AASB 101 *Presentation of Financial Statements* to provide clarification regarding the disclosure requirements of AASB 101.

The adoption of these amending Standards 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.

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 29 July 2017, are outlined below:

(i) *AASB 15 Revenue from Contracts with Customers:* AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Since issuing AASB 15 in December 2014, the AASB have also issued 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,* and AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15.* The first application date for the Group will be for the financial year ending 27 July 2019. The new standard requires extensive disclosures including disaggregation of total revenue and key judgements and estimates. The Group has considered the impact of AASB 15 and does not expect the adoption of the new standard to have a material effect on the financial position and performance of the Group.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(j) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

(ii) *AASB 16 Leases:* This Standard 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 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. The standard introduces a new lease accounting model for lessees that require lessees to recognise all leases on balance sheet, except short-term leases and leases of low value assets. Under AASB 16, the present value of operating lease commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. In addition, the current operating lease expense recognised in profit or loss in the statement of comprehensive income will be replaced with amortisation and interest expense. The Group is currently evaluating the implications and impact of AASB 16. The first application date for the Group will be for the financial year ending 25 July 2020.

(iii) *AASB 9 Financial Instruments:* AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement,* and supersedes previous versions of AASB 9. AASB 9 introduces a new expected credit-loss impairment model that 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. AASB 9 also includes the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedge costs, risk components that can be hedged and disclosures. The standard further provides a simpler approach to classification and measurement of financial assets compared to the requirements of AASB 139. Consequential amendments were also made as a result of AASB 9, which have been introduced by AASB 2010-7, AASB 2010-10, AASB 2014-1 – Part E and AASB 2014-7.The first application date for the Group will be for the financial year ending 27 July 2019. The Group is currently determining the potential effects, if any, of this standard.

(iv) *IFRIC 23 Uncertainty over Income Tax Treatments:* The Interpretation clarifies the application of the recognition and measurement criteria in IAS 21 *Income Taxes* when there is uncertainty over income tax treatments. The first application date for the Group will be for the financial year ending 25 July 2020. The Group does not anticipate that the Interpretation will have a material impact on the Group.

GROUP PERFORMANCE

3 OPERATING SEGMENTS

Identification of 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 Group 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. The operating segments are identified by management based on the nature of the business conducted, and for which discrete financial information is available and reported to the chief operating decision maker on at least a monthly basis.

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.

Reportable Segments

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 key accounting policies used by the Group in reporting segments internally are the same as those contained in these financial statements.

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.

Segment capital expenditure

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

The table on the following page presents revenue and profit information for operating segments for the periods ended 29 July 2017 and 30 July 2016.

GROUP PERFORMANCE

3 OPERATING SEGMENTS (CONTINUED)

(A) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
REVENUE AND OTHER INCOME								
Sale of goods	1,092,760	1,049,226	-	-	-	-	1,092,760	1,049,226
Interest revenue	117	186	6,028	7,702	-	-	6,145	7,888
Other revenue	250	322	72,027	62,018	(72,000)	(62,000)	277	340
Other income	1,935	1,507	15	-	-	-	1,950	1,507
Total Segment revenue and other income	1,095,062	1,051,241	78,070	69,720	(72,000)	(62,000)	1,101,132	1,058,961
Total income per the statement of comprehensive income							**1,101,132**	**1,058,961**
RESULTS								
Depreciation and amortisation	24,951	23,881	580	-	-	-	25,531	23,881
Impairment of property plant and equipment	540	-	-	-	-	-	540	-
Interest expense	4,884	4,912	1,358	-	-	-	6,242	4,912
Share of profit of associates	-	-	14,799	13,792	-	-	14,799	13,792
Segment profit before income tax expense	**126,182**	**126,207**	**84,963**	**78,876**	**(72,000)**	**(62,000)**	**139,145**	**143,083**
Income tax expense							(34,009)	(39,209)
Net profit after tax per the statement of comprehensive income							**105,136**	**103,874**
ASSETS AND LIABILITIES								
Segment assets	499,031	446,874	1,301,128	1,283,894	(63,468)	(67,885)	1,736,691	1,662,883
Segment liabilities	305,959	270,091	112,513	76,106	(17,454)	(21,869)	401,018	324,328
Capital expenditure	45,040	42,677	58,485	-	-	-	103,525	42,677

GROUP PERFORMANCE

3 OPERATING SEGMENT (CONTINUED)

(B) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		ASIA		EUROPE		TOTAL		ELIMINATIONS		CONSOLIDATED	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
REVENUE AND OTHER INCOME														
Sale of goods	832,627	834,932	128,163	130,158	37,648	26,081	94,322	58,055	1,092,760	1,049,226	-	-	1,092,760	1,049,226
Other revenue and income	8,100	60,455	268	8,426	2	-	2	13	8,372	68,894	-	(59,159)	8,372	9,735
Segment revenue and other income	840,727	895,387	128,431	138,584	37,650	26,081	94,324	58,068	1,101,132	1,118,120	-	(59,159)	1,101,132	1,058,961
Segment non-current assets	1,391,592	1,238,701	8,665	10,033	6,949	4,142	34,388	25,372	1,441,594	1,278,248	(51,724)	(51,945)	1,389,870	1,226,303
Capital expenditure	85,316	19,837	848	3,702	4,212	1,979	13,149	17,159	103,525	42,677	-	-	103,525	42,677

GROUP PERFORMANCE

4 REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2017 $'000	2016 $'000
REVENUE		
Revenue from sale of goods	1,092,760	1,049,226
OTHER REVENUE		
Membership program fees	247	318
Other sundry revenue	30	22
INTEREST RECEIVED		
- Other persons	6,145	7,702
- Associate	-	186
Total Interest received	6,145	7,888
TOTAL OTHER REVENUE	6,422	8,228
TOTAL REVENUE	**1,099,182**	**1,057,454**
OTHER INCOME		
Royalty and licence fees		
Other persons	43	63
Foreign exchange gains	669	-
Other	1,238	1,444
TOTAL OTHER INCOME	1,950	1,507
TOTAL REVENUE AND OTHER INCOME	**1,101,132**	**1,058,961**

REVENUE RECOGNITION ACCOUNTING POLICY

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.

Specifically, 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.

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

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.

Interest 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.

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

GROUP PERFORMANCE

4 REVENUE AND OTHER INCOME (CONTINUED)

KEY ACCOUNTING ESTIMATES

Estimated gift card redemption rates

Expected gift card redemption rates are reviewed annually, and adjustments are made to the expected redemption rates when considered necessary.

5 EXPENSES

	NOTES	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		173,959	169,511
Contingent rentals		37,820	35,196
TOTAL OPERATING LEASE EXPENSES		**211,779**	**204,707**
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of property, plant and equipment	15	25,504	23,842
Amortisation of plant and equipment under lease	15	-	12
Impairment of property, plant and equipment	15	540	-
Amortisation of leasehold premiums	16	27	27
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS		**26,071**	**23,881**
FINANCE COSTS			
Finance charges payable under finance leases		-	33
Interest on bank loans and overdraft		6,242	4,870
Provision for discount adjustment on onerous leases		-	9
TOTAL FINANCE COSTS		**6,242**	**4,912**
OTHER EXPENSES INCLUDE:			
Foreign exchange losses		-	191
Loss on ineffective cash flow hedges		246	2,010
Net loss on disposal of property, plant and equipment		321	413

GROUP PERFORMANCE

	CONSOLIDATED	
	2017 $'000	2016 $'000
6 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	39,943	38,044
Adjustment in respect of current income tax of previous years	(3,772)	(90)
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	(1,492)	1,841
Adjustments in respect of current income tax of previous years	(687)	(450)
Difference in exchange rates	17	(136)
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	**34,009**	**39,209**
(b) STATEMENT OF CHANGES IN EQUITY		
Deferred income tax related to items credited directly to equity:		
Net deferred income tax on movements on cash-flow hedges	(2,139)	(13,495)
Net deferred income tax on unrealised loss on available-for-sale financial assets	(10,522)	-
INCOME TAX BENEFIT REPORTED IN EQUITY	**(12,661)**	**(13,495)**
(c) RECONCILIATION BETWEEN TAX EXPENSE AND THE ACCOUNTING PROFIT BEFORE TAX MULTIPLIED BY THE GROUP'S APPLICABLE AUSTRALIAN INCOME TAX RATE		
Accounting profit before income tax	139,145	143,083
At the Parent Entity's statutory income tax rate of 30% (2016: 30%)	41,743	42,925
Adjustment in respect of current income tax of previous years	(1,148)	(609)
Expenditure not allowable for income tax purposes	2,046	751
Effect of different rates of tax on overseas income	(2,877)	(1,679)
Income not assessable for tax purposes	(3,324)	(3,749)
Other	(2,431)	1,570
AGGREGATE INCOME TAX EXPENSE	**34,009**	**39,209**

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
DEFERRED TAX RELATES TO THE FOLLOWING:		
Foreign currency balances	(610)	(703)
Potential capital gains tax on financial investments	(38,269)	(47,892)
Cash-flow hedges	6,579	4,367
Inventory provisions	515	70
Deferred income	9,131	6,431
Employee provisions	5,806	5,438
Other receivables and prepayments	(823)	(1,019)
Property, plant and equipment	(6,620)	(6,032)
Other	1,277	887
NET DEFERRED TAX LIABILITIES	**(23,014)**	**(38,453)**
REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax assets	35,773	18,858
Deferred tax liabilities	(58,787)	(57,311)
NET DEFERRED TAX LIABILITIES	**(23,014)**	**(38,453)**

INCOME TAX ACCOUNTING POLICY

Income tax expense comprises current tax (amounts payable or receivable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is recognised in profit or loss, unless it relates to items that have been recognised in equity as part of other comprehensive income or directly in equity. In this instance, the related tax expense is also recognised in other comprehensive income or directly in equity.

Current income tax

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

Deferred income tax

Deferred income tax is recognised on taxable temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes based on the expected manner of recovery of the carrying value of an asset or liability. Deferred 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 substantially enacted at the reporting date.

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

INCOME TAX ACCOUNTING POLICY (CONTINUED)

Deferred income tax liabilities are recognised for all 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 the taxable profit or loss: and
- When the taxable temporary difference is associated with investments in subsidiaries, associates and interest 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 taxable temporary differences, except for the following:

- When the deferred tax asset 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;
- When the deductible temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, in which case the 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 to utilise the deferred tax asset.

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.

Tax assets and tax liabilities are offset only if a legally enforceable right exists to set off and the tax assets and tax 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.

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.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets are recognised for taxable 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.

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

INCOME TAX ACCOUNTING POLICY (CONTINUED)

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating 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 in 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.

7 EARNINGS PER SHARE

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net profit for the period	105,136	103,874
	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	157,436	156,733
- diluted earnings per share	158,693	157,918

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.

EARNINGS PER SHARE ACCOUNTING POLICY

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.

GROUP PERFORMANCE

8 A) DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2017 $'000	2016 $'000
DIVIDENDS PAID		
Declared and paid during the year:		
Interim franked dividends for 2017:		
26 cents per share (2016: 23 cents)	40,994	36,129
Final franked dividends for 2016:		
25 cents per share (2015: 21 cents)	39,358	32,840
TOTAL DECLARED AND PAID DURING THE YEAR	**80,352**	**68,969**

DIVIDENDS PROPOSED		
Final franked dividend proposed for 2017:		
27 cents per share (2016: 25 cents)	42,592	39,358

On 24 September 2017, the Directors of Premier Investments Limited declared a final dividend in respect of the 2017 financial year. The total amount of the dividend is $42,592,000 (2016: $39,358,000) which represents a fully franked dividend of 27 cents per share (2016: 25 cents per share).

8 B) FRANKING CREDIT BALANCE

The below table provides information about franking credits available for use in subsequent reporting periods:

	CONSOLIDATED	
	2017 $'000	2016 $'000
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% (2016: 30%)	212,295	200,959
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	12,322	27,434
- franking debits that will arise from the payment of dividends as at the end of the financial year	(18,254)	(16,839)
TOTAL FRANKING CREDIT BALANCE	**206,363**	**211,554**

The tax rate at which paid dividends have been franked is 30% (2016: 30%). Dividends proposed will be franked at the rate of 30% (2016: 30%).

OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2017 $'000	2016 $'000
9 TRADE AND OTHER RECEIVABLES (CURRENT)		
Sundry debtors	23,682	16,461
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**23,682**	**16,461**

(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 29 July 2017 (2016: $nil). During the year, no bad debt expense (2016: $nil) was recognised. It is expected that sundry debtor balances will be received when due.

(b) Fair value

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

TRADE AND OTHER RECEIVABLES ACCOUNTING POLICY

Trade and other receivables are classified as non-derivative financial assets, and are recognised initially at fair value. After initial measurement, these assets are measured at amortised cost, less any provisions for actual impairment losses. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired.

	CONSOLIDATED	
	2017 $'000	2016 $'000
10 INVENTORIES		
Finished goods	140,755	123,556
TOTAL INVENTORIES AT LOWER OF COST AND NET REALISABLE VALUE	**140,755**	**123,556**

INVENTORIES ACCOUNTING POLICY

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:

- 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.

OPERATING ASSETS AND LIABILITIES

11 OTHER ASSETS (CURRENT)

	CONSOLIDATED	
	2017 $'000	2016 $'000
Deposits and prepayments	11,572	11,694
TOTAL OTHER CURRENT ASSETS	**11,572**	**11,694**

12 TRADE AND OTHER PAYABLES (CURRENT)

	2017 $'000	2016 $'000
Trade creditors	39,318	31,632
Other creditors and accruals	32,210	41,333
TOTAL CURRENT TRADE AND OTHER PAYABLES	**71,528**	**72,965**

(a) Fair values

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

TRADE AND OTHER PAYABLES ACCOUNTING POLICY

Trade and other payables 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 Group.

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

13 PROVISIONS

	CONSOLIDATED	
	2017 $'000	2016 $'000
CURRENT		
Employee entitlements – Annual Leave	11,348	10,903
Employee entitlements – Long Service Leave	6,462	5,554
Other provisions	1,555	-
TOTAL CURRENT PROVISIONS	**19,365**	**16,457**
NON-CURRENT		
Employee entitlements – Long Service Leave	1,828	1,871
TOTAL NON-CURRENT PROVISIONS	**1,828**	**1,871**

OPERATING ASSETS AND LIABILITIES

13 PROVISIONS (CONTINUED)

PROVISIONS ACCOUNTING POLICIES

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 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 discount rate that reflects the risks specific to the liability and the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICIES

Current annual leave

The provisions for employee entitlements to wages, salaries and annual leave (which are 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.

Long service leave and non-current annual leave

The liability for long service leave and non-current annual leave (which are 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.

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.

OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2017 $'000	2016 $'000
14 OTHER LIABILITIES		
CURRENT		
Deferred income	12,910	6,967
TOTAL CURRENT	**12,910**	**6,967**
NON-CURRENT		
Deferred income	23,078	14,809
TOTAL NON-CURRENT	**23,078**	**14,809**

DEFERRED INCOME ACCOUNTING POLICY

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.

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.

CAPITAL INVESTED

15 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED					
	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	LEASED PLANT AND EQUIPMENT $'000	CAPITAL WORKS IN PROGRESS $'000	TOTAL $'000
AT 29 JULY 2017						
Cost	21,953	54,720	409,868	343	4,799	491,683
Accumulated depreciation and impairment	-	(1,761)	(275,201)	(343)	-	(277,305)
NET CARRYING AMOUNT	**21,953**	**52,959**	**134,667**	**-**	**4,799**	**214,378**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	3,203	14,178	120,037	-	1,819	139,237
Additions	18,750	39,735	40,458	-	4,582	103,525
Transfers between classes	-	-	1,602	-	(1,602)	-
Depreciation	-	(954)	(24,550)	-	-	(25,504)
Impairment	-	-	(540)	-	-	(540)
Disposals	-	-	(1,081)	-	-	(1,081)
Exchange differences	-	-	(1,259)	-	-	(1,259)
Carrying amount at end of the financial year	**21,953**	**52,959**	**134,667**	**-**	**4,799**	**214,378**
AT 30 JULY 2016						
Cost	3,203	14,985	242,121	343	1,819	262,471
Accumulated depreciation and impairment	-	(807)	(122,084)	(343)	-	(123,234)
NET CARRYING AMOUNT	**3,203**	**14,178**	**120,037**	**-**	**1,819**	**139,237**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	3,203	14,553	103,841	12	1,928	123,537
Additions	-	-	40,858	-	1,819	42,677
Transfers between classes	-	-	1,928	-	(1,928)	-
Depreciation/ Amortisation	-	(375)	(23,467)	(12)	-	(23,854)
Disposals	-	-	(1,186)	-	-	(1,186)
Exchange differences	-	-	(1,937)	-	-	(1,937)
Carrying amount at end of the financial year	**3,203**	**14,178**	**120,037**	**-**	**1,819**	**139,237**

CAPITAL INVESTED

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

LAND AND BUILDINGS

The land and buildings with a combined carrying amount of $74,912,000 have been pledged to secure certain interest-bearing borrowings of the Group (refer to note 20).

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

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.

KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 on a prospective basis when considered necessary.

IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT AND SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The carrying values of property, plant and equipment are reviewed for impairment annually. If an indication of impairment exists, and where the carrying value of the asset exceeds the estimated recoverable amount, the assets or cash-generating units (CGU) are written down to their recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and value-in-use. Value-in-use refers to an asset’s value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

If an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. The recoverable amount was estimated for certain items of plant and equipment on an individual store basis, as this has been identified as the CGU of the Group’s retail segment.

These value-in-use calculations use cash flow projections based on financial budgets approved by management, covering a five year period. Cash flows within the five year period are extrapolated using a growth rate of 4% (2016: 3%).

The post-tax discount rate applied to the cash flow projections is 10.5% (2016: 10.5%). The discount rate used reflects management’s estimate of the risks specific to the CGU that is 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.

An impairment loss of $539,600 was recognised during the current financial year (2016: no impairment loss was recognised).

CAPITAL INVESTED

16 INTANGIBLES

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

	CONSOLIDATED				
	GOODWILL $'000	BRAND NAMES $'000	TRADEMARKS $'000	LEASEHOLD PREMIUMS $'000	TOTAL $'000
YEAR ENDED 29 JULY 2017					
As at 31 July 2016 net of accumulated amortisation and impairment	477,085	376,179	1,452	100	854,816
Trademark registrations	-	-	325	-	325
Amortisation	-	-	-	(27)	(27)
As at 29 July 2017 net of accumulated amortisation and impairment	**477,085**	**376,179**	**1,777**	**73**	**855,114**
AS AT 29 JULY 2017					
Cost (gross carrying amount)	477,085	376,179	1,777	979	856,020
Accumulated amortisation and impairment	-	-	-	(906)	(906)
NET CARRYING AMOUNT	**477,085**	**376,179**	**1,777**	**73**	**855,114**
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**

GOODWILL ACCOUNTING POLICY

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 not amortised but is subject to impairment testing.

CAPITAL INVESTED

16 INTANGIBLES (CONTINUED)

GOODWILL ACCOUNTING POLICY (CONTINUED)

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

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

OTHER INTANGIBLE ASSETS (excluding goodwill) ACCOUNTING POLICY

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired in a business combination are initially recognised at fair value. 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.

A summary of the key accounting policies applied to the Group's intangible assets are as follows:

	Brands	***Leasehold Premiums***	***Trademarks & Licences***
Useful life assessment?	Indefinite	Finite	Indefinite
Method used?	Not amortised or revalued	Amortised over the term of the lease	Not amortised or revalued
Internally generated or 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

Brand names, trademarks and licences are assessed as having an indefinite useful life, as this reflects management's intention to continue to operate these to generate net cash inflows into the foreseeable future. These assets are not amortised but are subject to impairment testing.

Intangible assets are tested for impairment where an indicator of impairment exists, or in the case of indefinite life intangibles, impairment is tested annually or where an indicator of impairment exists.

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 higher of the asset's value-in-use and fair value less costs of disposal. Value-in use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

If an asset does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

CAPITAL INVESTED

16 INTANGIBLES (CONTINUED)

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The recoverable amounts of CGUs are determined based on the higher of value-in-use calculations or fair value less costs of disposal. These calculations depend on management estimates and assumptions. In particular, significant estimates and judgements are made in relation to the key assumptions used in forecasting future cash flows and the expected growth rates used in these cash flow projections, as well as the discount rates applied to these cash flows. Management assesses these assumptions each reporting period and considers the potential impact of changes to these assumptions.

IMPAIRMENT TESTING OF GOODWILL

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 2017 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 2018 financial year and are projected for a further four years based on estimated growth rates of 3.3% (2016: 3.4% to 3.5%). 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% (2016: 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 10.0% (2016: 10.1%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital specific to the asset.

Management has considered the reasonably possible changes 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 have been 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 2017 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 2018 financial year and are projected for a further four years based on estimated growth rates.

CAPITAL INVESTED

16 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)

The extrapolated growth rates at which cash flows have been discounted for the individual brands within each of the CGU groups have been summarised below. Cash flows beyond the five year period are extrapolated using a growth rate of 3% (2016: 3%), which reflects the long-term growth expectation beyond the five year projection.

CGU	***AVERAGE GROWTH RATES APPLIED TO PROJECTED CASH FLOWS***	***TERMINAL VALUE GROWTH RATE***
Casual wear	3.5%	3%
Women’s wear	2.5% to 3.5%	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 8.7% (2016: 9.0%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and cost of capital specific to the asset.

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% (2016: 3.5% and 8.5%).

Management has considered reasonably possible adverse changes in key assumptions applied to brands within the relevant CGU groups, each of which have been subjected to sensitivities. Key assumptions relate to expected sales growth, net royalty rates and discount rates applied.

A brand within the Casual Wear CGU group with a carrying value of $112.2 million, indicated sensitivity to a reasonably possible adverse change to the post-tax discount rate applied to the cash flow projections, as well as indicating sensitivity to a reasonably possible adverse change in net royalty rates.

An increase in the post-tax discount rate to 9.5% applied to the cash flow projections could result in the carrying value of the brand within the particular CGU group to approximate its recoverable amount. It is estimated that a 1% reduction in the net royalty rate could result in a decrease in the recoverable amount of the brand within the particular CGU group leading to a potential impairment of $6 million. The potential impairment losses as a result of the reasonably possible adverse changes to these key assumptions are not considered material to the overall recoverable amount of the CGU group to which the brand relates.

CAPITAL INVESTED

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
17 AVAILABLE-FOR-SALE FINANCIAL ASSETS		
INVESTMENTS		
Investment in listed securities at fair value	67,665	-
TOTAL INVESTMENTS	**67,665**	**-**

AVAILABLE-FOR-SALE FINANCIAL ASSETS ACCOUNTING POLICY

Available-for-sale financial assets are non-derivative financial assets, which represent equity instruments. All available-for-sale financial assets are initially recognised at cost, being the fair value of the consideration given, plus transaction costs attributable to the acquisition. These financial assets are subsequently measured at fair value, with unrealised gains or losses recognised directly in other comprehensive income and accumulated in equity in the fair value reserve, until the investment is derecognised or until the investment is deemed to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments in listed securities is determined by reference to quoted market bid prices at the close of business on the reporting date.

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
18 INVESTMENT IN ASSOCIATE		
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	213,392	209,477
Increase in investment in associate	-	29
Share of profit after income tax	14,799	13,792
Share of other comprehensive income	(700)	(70)
Dividends received	(10,551)	(9,836)
TOTAL INVESTMENT IN ASSOCIATE	**216,940**	**213,392**

Breville Group Limited

As at 29 July 2017, Premier Investments Limited holds 27.5% (2016: 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 involves the innovation, development, marketing and distribution of small electrical appliances.

As at 29 July 2017, the fair value of the Group's interest in Breville Group Limited as determined based on the quoted market price was $362,314,615 (2016: $282,555,326).

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 $14,798,967 (2016: $13,792,283).

CAPITAL INVESTED

18 INVESTMENT IN ASSOCIATE (CONTINUED)

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 2017 have been used. The accounting policies applied by Breville Group Limited in their financial statements materially conform to those used by the Group for like transactions and events in similar circumstances.

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

EXTRACT OF BREVILLE GROUP LIMITED'S STATEMENT OF FINANCIAL POSITION	30 JUNE 2017 $'000	30 JUNE 2016 $'000
Current assets	300,934	258,512
Non-current assets	116,585	111,455
Total assets	417,519	369,967
Current liabilities	(116,946)	(108,204)
Non-current liabilities	(40,964)	(15,758)
Total liabilities	(157,910)	(123,962)
NET ASSETS	259,609	246,005
Group's share of Breville Group Limited net assets	**71,367**	**67,627**

EXTRACT OF BREVILLE GROUP LIMITED'S STATEMENT OF COMPREHENSIVE INCOME	30 JUNE 2017 $'000	30 JUNE 2016 $'000
Revenue	605,733	576,573
Profit after income tax	53,834	50,172
Other comprehensive loss	(2,548)	(255)
Group's share of Breville Group Limited profit after income tax	**14,799**	**13,792**

INVESTMENT IN ASSOCIATE ACCOUNTING POLICY

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 accounts for its investments in associate using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment in the associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group's share of profit after tax of the associate, which is recognised in the income statement, and the Group's share of other comprehensive income, which is recognised in the statement of comprehensive income. Dividends received from the associate generally reduces the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in an associate. At each reporting period, the Group determines whether there is objective evidence that the investment in the 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 impairment loss in profit or loss in the statement of comprehensive income.

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
19 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	33,623	29,551
Short-term deposits	137,008	253,682
TOTAL CASH AND CASH EQUIVALENTS	**170,631**	**283,233**
(b) RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATIONS		
Net profit for the period	105,136	103,874
Adjustments for:		
Amortisation	27	39
Depreciation	25,504	23,842
Impairment and write-off of non-current assets	540	-
Foreign exchange (gains) losses	(669)	191
Share of profit of associates	(14,799)	(13,792)
Finance charges on capitalised leases	-	33
Borrowing costs	300	191
Net loss on disposal of property, plant and equipment	492	413
Share-based payments expense	6,210	2,264
Gross movement in cash flow hedge reserve	(4,990)	(31,488)
Net exchange differences	302	(230)
Changes in assets and liabilities net of the effects from acquisition and disposal of businesses:		
Increase in provisions	2,865	449
Increase (decrease) in deferred tax liabilities	1,476	(6,974)
(Decrease) increase in trade and other payables	(1,437)	7,291
Increase in other financial liabilities	5,921	16,063
Increase (decrease) in deferred income	14,212	(6,464)
Increase in trade and other receivables	(7,221)	(632)
Decrease (increase) in other current assets	122	(5,385)
Increase in inventories	(17,199)	(11,742)
Decrease in other financial assets	1,455	30,930
Increase in deferred tax assets	(6,393)	(5,382)
(Decrease) increase in income tax payable	(14,017)	172
NET CASH FLOWS FROM OPERATING ACTIVITIES	**97,837**	**103,663**

CAPITAL STRUCTURE AND RISK MANAGEMENT

19 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) FINANCE FACILITIES

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Working capital and bank overdraft facility		
Used	-	-
Unused	11,800	11,800
	11,800	11,800
Finance facility		
Used	174,000	106,000
Unused	55,000	53,000
	229,000	159,000
Bank guarantee facility		
Used	51	51
Unused	149	149
	200	200
Interchangeable facility		
Used	6,759	5,156
Unused	1,241	2,844
	8,000	8,000
Total facilities		
Used	180,810	111,207
Unused	68,190	67,793
TOTAL	**249,000**	**179,000**

CASH AND CASH EQUIVALENTS ACCOUNTING POLICY

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.

CAPITAL STRUCTURE AND RISK MANAGEMENT

20 INTEREST-BEARING LIABILITIES

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
NON-CURRENT		
Bank loans* unsecured	104,475	86,805
Bank loans ** secured	69,000	19,000
TOTAL INTEREST-BEARING LIABILITIES	**173,475**	**105,805**

* 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 bank borrowings amounting to $69 million. A $19 million borrowing is secured by a mortgage over Land and Buildings, representing the National Distribution Centre in Truganina, Victoria. During the 2017 financial year, this borrowing was refinanced and is repayable in full at the end of 5 years, being January 2022. During the 2017 financial year, Premier Investments Limited obtained a further $50 million borrowing which is secured by a mortgage over Land and Buildings, representing an office building in Melbourne, Victoria. The borrowing is repayable in full at the end of 5 years, being December 2021.

(a) *Fair values*

The carrying values of the Group's current and non-current interest-bearing liabilities 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.

INTEREST-BEARING LIABILITIES ACCOUNTING POLICY

Interest-bearing liabilities 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 while on-going borrowing costs are expensed as incurred.

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
21 CONTRIBUTED EQUITY		
Ordinary share capital	608,615	608,615

	NO. ('000)	$'000
(a) MOVEMENTS IN SHARES ON ISSUE		
Ordinary shares on issue 31 July 2016	157,164	608,615
Ordinary shares issued during the year (i)	584	-
Ordinary shares on issue at 29 July 2017	**157,748**	**608,615**
Ordinary shares on issue 26 July 2015	156,380	608,615
Ordinary shares issued during the year (i)	784	-
Ordinary shares on issue at 30 July 2016	**157,164**	**608,615**

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

(i) A total of 584,305 ordinary shares (2016: 784,386) 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 interest-bearing borrowings, cash and cash equivalents and equity attributable to the equity holders of Premier Investments Limited, comprising of contributed equity, reserves and retained earnings.

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.

CAPITAL STRUCTURE AND RISK MANAGEMENT

22 RESERVES

	CONSOLIDATED	
	2017 $'000	2016 $'000
RESERVES COMPRISE:		
Capital profits reserve	464	464
Foreign currency translation reserve (a)	(3,661)	1,047
Cash flow hedge reserve (b)	(15,281)	(10,291)
Performance rights reserve (c)	12,556	6,346
Fair value reserve (d)	(24,178)	-
TOTAL RESERVES	**(30,100)**	**(2,434)**

(a) *FOREIGN CURRENCY TRANSLATION RESERVE*

- *Nature and purpose of reserve*

  This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

- *Movements in the reserve*

	2017 $'000	2016 $'000
Opening balance	1,047	6,480
Foreign currency translation of overseas subsidiaries	(4,008)	(5,363)
Net movement in associate entity's reserves	(700)	(70)
CLOSING BALANCE	**(3,661)**	**1,047**

(b) *CASH FLOW HEDGE RESERVE*

- *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.

- *Movements in the reserve*

	2017 $'000	2016 $'000
Opening balance	(10,291)	21,197
Net gain (loss) on cash flow hedges	7,066	(24,076)
Transferred to statement of financial position/ profit or loss	(14,195)	(20,907)
Net deferred income tax movement on cash flow hedges	2,139	13,495
CLOSING BALANCE	**(15,281)**	**(10,291)**

CAPITAL STRUCTURE AND RISK MANAGEMENT

22 RESERVES (CONTINUED)

(c) PERFORMANCE RIGHTS RESERVE

- *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.

- *Movements in the reserve*

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Opening balance	6,346	4,082
Performance rights expense for the year	6,210	2,264
CLOSING BALANCE	**12,556**	**6,346**

(d) FAIR VALUE RESERVE

- *Nature and purpose of reserve*

  This reserve is used to record unrealised gains and losses on revaluation to fair value of available-for-sale financial assets.

- *Movements in the reserve*

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Opening balance	-	-
Unrealised loss on revaluation of available-for-sale investments	(34,700)	-
Net deferred income tax movement on available-for-sale financial assets	10,522	-
CLOSING BALANCE	**(24,178)**	**-**

GROUP STRUCTURE

23 SUBSIDIARIES

The consolidated financial statements include the financial statements of Premier Investments Limited (ultimate parent entity) and the subsidiaries listed in the following table:

	COUNTRY OF INCORPORATION	2017 INTEREST HELD	2016 INTEREST HELD
Kimtara Investments Pty Ltd	Australia	100%	100%
Premfin Pty Ltd	Australia	100%	100%
Springdeep Investments Pty Ltd	Australia	100%	100%
Prempref Pty Ltd	Australia	100%	100%
Metalgrove Pty Ltd	Australia	100%	100%
Just Group Limited	Australia	100%	100%
Just Jeans Group Pty Limited	Australia	100%	100%
Just Jeans Pty Limited	Australia	100%	100%
Jay Jays Trademark Pty Limited	Australia	100%	100%
Just-Shop Pty Limited	Australia	100%	100%
Peter Alexander Sleepwear Pty Limited	Australia	100%	100%
Old Blues Pty Limited	Australia	100%	100%
Kimbyr Investments Limited	New Zealand	100%	100%
Jacqui E Pty Limited	Australia	100%	100%
Jacqueline-Eve Fashions Pty Limited	Australia	100%	100%
Jacqueline-Eve (Hobart) Pty Limited	Australia	100%	100%
Jacqueline-Eve (Retail) Pty Limited	Australia	100%	100%
Jacqueline-Eve (Leases) Pty Limited	Australia	100%	100%
Sydleigh Pty Limited	Australia	100%	100%
Old Favourites Blues Pty Limited	Australia	100%	100%
Urban Brands Retail Pty Ltd	Australia	100%	100%
Portmans Pty Limited	Australia	100%	100%
Dotti Pty Ltd	Australia	100%	100%
Smiggle Pty Limited	Australia	100%	100%
Just Group International Pty Limited *	Australia	100%	100%
Smiggle Group Holdings Pty Limited *	Australia	100%	-
Smiggle International Pty Limited *	Australia	100%	-
Smiggle Singapore Pte Ltd	Singapore	100%	100%
Just Group International HK Limited*	Hong Kong	100%	100%
Smiggle HK Limited	Hong Kong	100%	100%
Just Group USA Inc.*	USA	100%	100%
Peter Alexander USA Inc.*	USA	100%	100%
Smiggle USA Inc.*	USA	100%	100%
Just UK International Limited*	UK	100%	100%
Smiggle UK Limited	UK	100%	100%
Peter Alexander UK Limited*	UK	100%	100%
Smiggle Ireland Limited	Ireland	100%	-
ETI Holdings Limited*	New Zealand	100%	100%
RSCA Pty Limited*	Australia	100%	100%
RSCB Pty Limited*	Australia	100%	100%
Just Group Singapore Private Ltd	Singapore	100%	100%
Peter Alexander Singapore Private Ltd *	Singapore	100%	100%
Smiggle Stores Malaysia SDN BHD	Malaysia	100%	100%
Smiggle Japan KK *	Japan	100%	100%

* Not trading as at the date of this report.

OTHER DISCLOSURES

24 EVENTS AFTER THE REPORTING DATE

On 24 September 2017, the Directors of Premier Investments Limited declared a final dividend in respect of the 2017 financial year. The total amount of the dividend is $42,592,000 (2016: $39,358,000) which represents a fully franked dividend of 27 cents per share (2016: 25 cents per share).

25 CONTINGENT LIABILITIES

The Group has bank guarantees totalling $6,497,749 (2016: $5,206,702).