PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

Annual Report 2017

Solomon Lew
Chairman

Mark McInnes
CEO Premier Retail

Chairman's Report

The Directors of Premier Investments Limited ("Premier") are pleased to submit to shareholders the Annual Report for the 52 weeks ended 29 July 2017 (FY17). Your company performed strongly in what continues to be a challenging environment for Australian retailers. With consumer sentiment indicators lagging and cost of living pressures rising, retailers must provide the wanted product to their customers to remain relevant and profitable.

In this context, I am proud of the way Premier has responded to economic and competitive pressures and I commend the management team for their efforts. In a year in which several retailers went out of business, your company has delivered growth at both the top and bottom line by driving the expansion of our unique brands, investing in online platforms and refining the value proposition for our core bands in a competitive apparel market.

GROUP RESULT

During FY17, Premier delivered underlying net profit before tax of $146.8 million, up 5.8%[1] on the prior year and statutory reported net profit after tax of $105.1 million.

At the group level, Premier's result reflects: the contribution from Premier Retail (or The Just Group) which includes its seven retail brands; earnings from Premier's 27.5% stake in electrical consumer products manufacturer Breville Group Limited ("Breville"); and interest earned on Premier's cash balance.

I also note that, at the group level, statutory results are not comparable year on year due to a number of factors including: FY16 being a 53 week year; one off costs including the purchase of a new office building at St Kilda Road, Melbourne; and the acquisition of a strategic investment in Myer Holdings Limited.

OPERATING RESULT

Premier Retail delivered a solid operating result, with sales for the year up 5.7% on prior year[1] to $1.1 billion and underlying earnings before interest and taxation ("EBIT") of $136.0 million.[2]

The resilience of Premier Retail is the direct result of key investment decisions made by your company over the past six years following the major strategic review undertaken in 2011. These decisions have included: priority allocation of capital and resources to our unique growth brands; development of a world class online platform supported by a best in-market logistics capability; and rejuvenation of our core brands.

INVESTING IN GROWTH

Smiggle

Over the past ten years, Smiggle annual sales have grown from $19 million to $239 million. In FY17 alone sales were up 28.8% on FY16[1]. The growth for the year was achieved both by strong like for like growth in all markets and the opening of 58 new stores. Smiggle is now truly an international retailer, generating the majority of its sales outside of Australia. At the end of the financial year, Smiggle had 297 stores trading across Australia, New Zealand, Singapore, England, Scotland, Wales, Northern Ireland, Republic of Ireland, Hong Kong and Malaysia.

The brand performance across all geographies has given management confidence to confirm the opening of 100-120 new stores in existing markets over the next two years.

The brand will also further grow its European markets by entry into Continental Europe by opening stores in the Netherlands and Belgium during calendar year 2018.

Smiggle is aiming to exceed $400 million in revenues by FY20.

As I have said previously, your Board and Management Team will only pursue investments that present the best long-term value creation opportunities for shareholders.

Peter Alexander

Total sales at Peter Alexander grew by 14.0% in FY17 to $191 million[1], with strong total and like-for-like sales. During the year, Peter Alexander opened six new standalone stores and five new Myer concessions. The brand also benefited from refurbishments and expansions at Chadstone, Pacific Fair, Spencer Street and Warringah.

As a result of the continuing strong performance of Peter Alexander, your Board has committed to further investment in Peter Alexander online, new store openings, concessions and category expansion with a view to generating sales in excess of $250 million by 2020. The new three year growth strategy has been built on the previous Peter Alexander plan that saw sales grow from $47 million per year to $191 million per year over the last ten years.

[1] On a comparable 52 week basis. The reported Group result in FY16 represented a 53 week period. The reporting period for FY17 represents a 52 week period.

[2] The reported Group result in FY16 represented a 53 week period, whereas the reporting period for FY17 represents a 52 week period. Refer to page 9 of the Directors' Report for a definition and reconciliation of Premier Retail Underlying EBIT.

Online

During FY17, Premier Retail continued to invest in its online capabilities, delivering sales for the year of $68.1 million. This represents year on year growth of 44.3%[1], significantly outperforming the market. The online business has grown from 1.1% of the respective market's sales in FY11 to 7.1% in FY17. Growth in our highly profitable online sales channel remains a key focus for the group.

DELIVERING PROFITABILITY, SUSTAINABILITY AND EFFICIENCY

Premier Retail made targeted investments in refurbishments and new store formats during the year. Over the past five years, Premier Retail has opened 234 new profitable Smiggle and Peter Alexander stores (143 of these outside of Australia) but Premier Retail has also closed 86 unprofitable stores over that time frame including eight during FY17. As consumers continue to shift their spending from physical stores to online, Premier Retail will continue to focus on store profitability to drive appropriate investment and shareholder returns. Where landlords do not continue to invest in overall shopping experiences and/or adjust their rent expectations in line with the performance of their own centres and the major shift in consumer behavior, further store closures may be necessary.

This year's strong result was achieved notwithstanding significant external events that impacted trading. In addition to the macroeconomic and competitive pressures I've mentioned, I note that in FY17 Premier Retail also experienced significant store closures across its portfolio for reasons outside of our control including: the significant redevelopment of Chadstone shopping centre leading to temporary store closures; a partial building collapse in Hobart; and the devastating impacts of the Kaikoura earthquake in New Zealand.

I mention these factors only to underscore the resilience of your business – and the team that runs your business day in and day out. I would like to acknowledge Mark McInnes, the senior leadership team and our over 8,000 dedicated employees who now span nine countries across the globe. Notwithstanding weak consumer confidence and significant operational hurdles, this team continues to deliver results for shareholders across a well-diversified portfolio.

FINANCIAL STRENGTH

At the end of the year, Premier's balance sheet reflected free cash on hand of $170.6 million, an investment in Myer Holdings Limited valued at $67.7 million, and its equity accounted investment in Breville Group Limited at $216.9 million. The market value of Premier's holding in Breville was $362.3 million at 29 July 2017.

Due to the continued strength of Premier's balance sheet and the performance of Premier Retail, the Board has declared an increased final ordinary dividend of 27 cents per share fully franked, up 8.0% (FY16: 25 cents per share), bringing the full year ordinary dividend to 53 cents per share fully franked up 10.4% (FY16: 48 cents per share).

LOOKING FORWARD

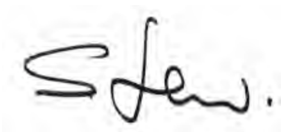
Premier's ability to deliver is a testament to:

- Our consistent strategy (both consistently delivered and consistently reviewed);
- Our commitment to invest in growth brands (Smiggle and Peter Alexander) and channels (online); and
- Our relentless pursuit of profitability across our portfolio.

We will continue this focus into 2018 and beyond.

Of course, our growth would not be possible without the strong support of our customers who continue to engage with our unique brands and designs. We are very grateful of this support and conscious of doing everything in our power to maintain it when it comes to service, quality, fashion, availability and price.

We are also grateful for the continued support and investment of our shareholders. I look forward to addressing you in person at our 2017 Annual General Meeting (AGM) on 1 December 2017 to be held at Just Building, 658 Church Street, Richmond, Victoria.



Solomon Lew
Chairman and Non-Executive Director

The Directors

Solomon Lew
Chairman and
Non-Executive Director

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

David M. Crean
Deputy Chairman
and Non-Executive Director

Terrence McCartney
Non-Executive Director

Timothy Antonie
Non-Executive Director

Mark McInnes
Executive Director

Lindsay E. Fox AC
Non-Executive Director

Michael R.I. McLeod
Non-Executive Director

Sally Herman
Non-Executive Director

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

Strategic Review Premier Retail

Management continued the rigorous implementation of the six key initiatives outlined in the 2011 Strategic Review.

	Focus Area	Status	
1	Rejuvenate and reinvigorate all five core apparel brands.	✓	Just Jeans and Jay Jays delivered solid results in very competitive markets in FY17. Both Portmans and Jacqui E have been reinvigorated through the executive appointments of new brand leaders in 2H17: Linda Levy (Portmans) and Nicole Naccarella (Jacqui E). The core brands successfully navigated a difficult trading environment to finish the year with a clean inventory position.
2	Organisation-wide cost efficiency program.	✓	Costs of doing business decreased 101 bps as a percentage of sales to 50.8% in FY17, whilst strategic investment continues in growth initiatives, including online, Peter Alexander and Smiggle international expansion. Over the past five years Premier Retail has opened 234 new profitable Smiggle and Peter Alexander stores (143 of these outside of Australia) but Premier Retail has also closed 86 unprofitable stores over that time, including 8 during FY17. As consumers continue to shift their spending from physical stores to online, Premier Retail will continue to focus on store costs and profitability to drive appropriate investment and shareholder returns.
3	Two phase gross margin expansion program.	✓	Premier Retail's gross margin of 63.1% for the year in a highly competitive market was delivered through the effective implementation of key gross margin strategies. Direct sourcing initiatives continue to deliver benefits from new suppliers and countries. Ongoing focus on markdown management is expected to support margin going forward and has left the company with a clean inventory position at year end.
4	Expand and grow the internet business.	✓	Online sales of $68.1 million were up 44.3% on FY16 – well ahead of market growth. Investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience. Online channel continues to deliver significantly higher EBIT margin than the Group average. Online sales now expected to exceed the original target of $100 million sooner than 2020.
5	Grow Peter Alexander significantly.	✓	Peter Alexander sales were up 14.0% to $190.9 million in FY17, with strong total and LFL sales growth including the opening of 11 new stores during the year. Peter Alexander growth strategy has been announced that will see the brand planning to deliver annual sales in excess of $250 million by FY20. This 3 year growth strategy has been built up on the previous Peter Alexander platform that saw annual sales grow from $47.0 million to $190.9 million over the last ten years. After celebrating 30 years of Peter Alexander Sleepwear in FY17, the brand remains an established destination during key gift giving times which remains a focus alongside delivering unique customer experiences every day in store and online.
6	Grow Smiggle significantly.	✓	Another record year for Smiggle, with global sales of $238.9 million up 28.8% (+80% over two years) becoming the highest turnover brand in Premier Retail. The Smiggle global store expansion plan continues to be successfully executed, with 18 new stores opened across Asia and 40 new stores opened in Europe, including the brand's first two stores in the Republic of Ireland. Smiggle has announced plans to open stores in Continental Europe in 2018 and plans to achieve global sales in excess of $400 million by FY20.

Note: FY17 Sales growth percentages are reported on comparable 52 weeks of FY16

Brand Performance Premier Retail

smiggle

where a smile meets a giggle

Smiggle, achieved exceptional sales growth of 28.8% in FY17, with more than 60% of global revenue generated outside Australia. John Cheston, Managing Director Smiggle, continues to lead a strong and focused management team growing a truly unique global brand. The Smiggle global store expansion plan continues to be successfully executed, with 18 new stores opened across Asia and 40 new stores opened in Europe, including the brand's first two stores in the Republic of Ireland. In August 2017, the brand opened store number 300 and is targeting to open a further 100-120 stores in existing markets over the next two years. Smiggle has announced plans to open stores in Continental Europe in 2018 and plans to achieve global sales in excess of $400 million by FY20.

peteralexander

Peter Alexander delivered outstanding growth of 14.0% in FY17. After over delivering on the previous three year strategic plan, Judy Coomber, Managing Director Peter Alexander and Peter Alexander, Creative Director have announced a new 3 year growth strategy that plans to see the brand deliver annual sales in excess of $250 million by FY20. This 3 year growth strategy has been built up on previous Peter Alexander platform that saw annual sales grow from $47.0 million to $190.9 million over the last ten years.

dotti

Dotti, led by David Bull, delivered a credible result in the highly competitive young fast fashion category, opening 3 new stores in FY17. The result was impacted by several external factors including temporary store closures, a widely acknowledged cool start to summer and low consumer confidence levels, particularly in Q4. Dotti's successful implementation of a new sourcing channel continues to enhance gross margins. Dotti online continues to go from strength to strength at a higher margin than its retail store chain and continues to be an area of investment and focus for the group.

portmans

Portmans, under the new leadership of Linda Levy (appointed April 2017) is well progressed on a turnaround in performance after a challenging FY17 result in a highly competitive apparel market. FY17 was impacted by several external factors including temporary store closures, a widely acknowledged cool start to summer and low consumer confidence levels, particularly in Q4. Pleasingly, Portmans has returned to positive like-for-like sales growth in the seven weeks since mid-July giving the brand renewed momentum for FY18.

JACQUI·E

Jacqui E under the new leadership of Nicole Naccarella (appointed June 2017) is well progressed on a turnaround in performance after a challenging FY17 result in a highly competitive apparel market. FY17 was impacted by several external factors including temporary store closures, a widely acknowledged cool start to summer and low consumer confidence levels, particularly in Q4. Jacqui E announced Rachel Hunter as its new brand ambassador in July 2017 and is expecting to return to positive like-for-like sales growth in the second quarter of FY18.

Just Jeans

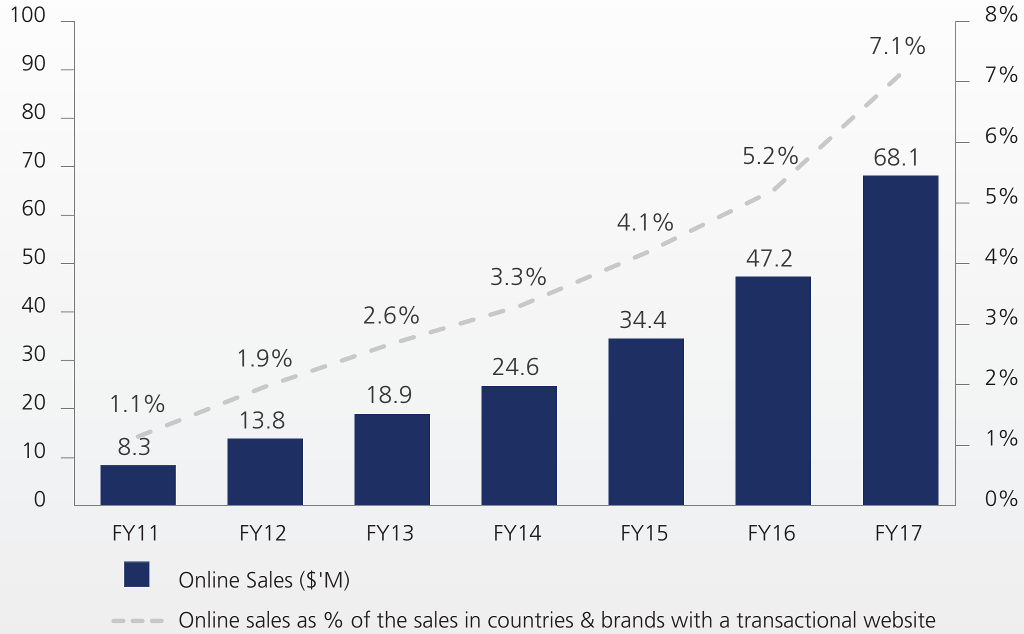
Just Jeans, under Matthew McCormack's leadership, delivered sales growth of 1.5% in a highly competitive market in FY17. The year was impacted by several external factors including temporary store closures, a widely acknowledged cool start to summer and low consumer confidence levels, particularly in Q4. Like-for-like sales were stronger than overall sales as 3 stores were closed in FY17 as part of the ongoing program to close unprofitable stores across the group. Ash Hart was launched as the new brand ambassador in August 2015, and together with the Stenmark twins continues to deliver a strong brand campaign.

Jay Jays

Jay Jays, under Linda Whitehead's leadership, further consolidated its market position in FY17 in a highly competitive market. Ongoing focus on driving an increase in full price sales together with sourcing initiatives has delivered a seventh consecutive year of gross margin growth. FY17 was impacted by several external factors including temporary store closures, a widely acknowledged cool start to summer and low consumer confidence levels, particularly in Q4. Like-for-like sales were stronger than overall sales as 3 stores were closed in FY17 as part of the ongoing program to close unprofitable stores across the group.

Note: FY17 Sales growth percentages are reported on comparable 52 weeks of FY16

Internet Performance Premier Retail



- Online sales of $68.1 million up 44.3% on FY16 – well ahead of market growth of 0.7% for the 12 months ended July 2017
- Online business has grown from 1.1% of the respective markets' sales in FY11 to 7.1% in FY17
- Investment continues in technology, people and new marketing initiatives to deliver a world class platform and customer experience
- 2013 investment in centralised and specifically customised Australian Distribution Centre servicing 100% order fulfilment of 100% of Premier Retail products in Australia
- Online channel continues to deliver significantly higher EBIT margin than the Group average
- All global sites continuing to deliver strong growth with all brands outperforming the market
- Online sales now expected to exceed the original target of $100 million sooner than 2020

Note: NAB Online Retail Sales Index – July 2017, published 12 September 2017, reported Australian online retail sales in the fashion category grew by 0.7% in the 12 months to July 2017

Note: FY17 Sales growth percentages are reported on comparable 52 weeks of FY16

Smiggle International Growth

Another record year for Smiggle with strong LFL sales recorded in all countries

where a **smile** meets a **giggle**

Dundrum, UK

- More than 60% of total global revenue was generated outside Australia in FY17
- 58 new stores opened in FY17 across Asia and Europe, including the brand's first two stores in the Republic of Ireland
- Sales have grown from $19 million in FY08 to $239 million in FY17
- Through investment in technology, people and marketing, online sales continue to grow well above expectations
- Smiggle plans to open a further 100 – 120 new stores in existing markets over the next two years
- Smiggle plans to open stores in Continental Europe in 2018
- Smiggle has announced growth strategy which plans to achieve global sales in excess of $400 million by FY20
- John Cheston (Managing Director: Smiggle) continues to lead a strong and focused management team and a truly unique global brand

Olympian City, Hong Kong

Peter Alexander Growth

Sales for FY17 were up 14.0% to $190.9 million

- 11 new stores opened
- 109 stores operating at year end
- 8 new stores confirmed to open in 1H18

Premier Retail has announced Peter Alexander's 2020 growth strategy that plans to deliver sales in excess of $250 million by FY20. This 3 year growth strategy has been built up on previous Peter Alexander platform that saw annual sales grow from $47.0 million to $190.9 million over the last ten years.

Peter Alexander's 2020 growth plan includes:

- Targeting 40 new stores over next three years
- 12 existing stores identified to be upsized or refurbished by 2020
- Continued investment and growth from online
- Extension of Peter Alexander brand into the Bath & Body category, and
- Significant expansion of Peter Alexander's childrenswear and P.A. Plus Size ranges

Chadstone, Australia

Note: FY17 Sales growth percentages are reported on comparable 52 weeks of FY16

Our Commitment To Business Sustainability

Premier acknowledges the importance of respecting our stakeholders, including employees, shareholders, customers and suppliers.

PEOPLE	COMMUNITY	ENVIRONMENT	ETHICAL SOURCING
• Attraction and retention • Development • Reward and recognition • Workplace Safety	• Peter Alexander and RSPCA/ PAW JUSTICE • Smiggle Community Partnerships	• Packaging Stewardship • Waste and Recycling • Energy efficiency	• Our sourcing models, principles & policies • Our Assurances • Membership of the Alliance for Bangladesh Worker Safety • Our activities in Bangladesh • Ethical Raw Material Procurement

We are committed to a long term goal of delivering sustainable value through the effective use of our resources and relationships. This goal influences how we behave and impacts everything we do.

OUR COMMITMENT TO OUR PEOPLE

Our goal is for Premier to attract, retain and motivate high calibre employees. Our outstanding leadership team have developed and nurtured a culture that supports our success. We value speed, integrity, energy, and results. We have a 'can do' culture in which employees see the difference they make.

TOTAL EMPLOYEES	**8,000+**
% FEMALE	**90%**

ATTRACTION AND RETENTION

At the end of the financial year, Premier employed over 8,000 staff across six countries. By Christmas 2017, Premier will employ over 10,000 staff.

Premier believes that it is important to ensure that all team members enjoy a workplace which is free from discrimination; we believe our staff perform the best when they can be themselves at work and so we strongly support gender, age, sexual orientation, disability and cultural diversity at work. In FY17, 90% of our total team members are women, who held 76% of the positions at management level. We have continued our focus on the development and career trajectory of our very strong team of female executives. Female leaders spearheaded internet and marketing, human resources, and four out of our seven brands, to deliver exceptional results. We rely on the passion and commitment of our employees to achieve the results we do.

DEVELOPMENT

Premier provides ongoing and regular training opportunities throughout the year to develop and support our future aspiring leaders. This year we held 388 training and development workshops led by our People & Culture Managers and Senior Leaders.

REWARD AND RECOGNITION

We recognise and reward outstanding contributions to our group results, both individually and for team performance. Our annual awards held in FY17 saw our best performing employees celebrated and recognised for their excellent performance and contribution to achieving our goals. In addition, annually we reward our top stores and staff across all seven brands publicly amongst their peers for their great leadership and delivery of our results. The top performing Regional Managers, Store Managers and Visual Merchandiser Managers for each of our brands are rewarded publicly amongst their peers for their great leadership and delivery of the FY17 results.

WORKPLACE SAFETY

Premier is committed to the prevention of workplace injury and lost time. We want to create a culture where all employees feel responsible for all aspects of health and safety. 'Play it Safe' has become part of our culture. Workplace safety is considered in all our business decisions, including workplace design and development, supply chain, visual merchandising and store planning. We have clear and measurable performance targets. However, in the event that a work related injury or illness occurs, we are also committed to supporting affected employees to return to work and continuing their career.

We will continue to develop Premier as a great place to work, and a great company in which our team build their careers.

Our Commitment To The Community

Premier has a long history of philanthropic support, particularly with our Peter Alexander and Smiggle brands.

PETER ALEXANDER AND THE RSPCA

As much as Peter Alexander has become famous for his pyjamas, he has also become known for his dogs, and is a huge supporter of animal welfare organisations. Peter Alexander has worked closely for the last 12 years with the RSPCA in Australia, and for the last four years with Paw Justice in New Zealand. Our work has included a variety of fundraising activities which raise awareness for animal charities.

Working with the RSPCA, Peter has raised over $662,000 contributing to RSPCA shelters, which care for more than 140,000 animals every year supporting rescue, rehabilitation and rehoming unwanted, stray and injured animals. Peter has been awarded the status of RSPCA Ambassador in recognition of his efforts.

Peter Alexander

PETER ALEXANDER AND PAW JUSTICE

In 2014, aligned with the growing presence of Peter Alexander in New Zealand, we partnered with the NZ animal charity Paw Justice, and over the last four years have raised over $77,000.

Paw Justice works to stop violent animal abuse; and they have been instrumental in focusing the New Zealand public's attention on the need for reform of animal welfare laws through youth education and advocacy for pets.

During the year Peter Alexander continued its commitment to the prevention of cruelty to animals. The involvement with the RSPCA in Australia and Paw Justice in New Zealand continues to be the key charity supported by the brand. Each year, Peter develops a special product to be made available in store in the lead up to Christmas. In 2016, a range of chocolate bars featuring Peter Alexander prints were sold with 100% of all proceeds donated to these charities. During the year we donated $114,000 to the RSPCA and $36,000 to Paw Justice.

Peter has raised over
$739,000
contributing to RSPCA shelters in Australia and Paw Justice in New Zealand.

SMIGGLE COMMUNITY PARTNERSHIPS

Premier and our Smiggle brand also support a number of children's charities, organisations and educational programs. Plus, countless community fundraising initiatives both locally and abroad, for schools, sporting, and educational events. During the year we have donated over $75,000 in products.

Our Commitment To The Environment

PACKAGING STEWARDSHIP

Premier is committed to managing and reducing the impact our business operations have on the environment. Premier is a signatory to the Australian Packaging Covenant, a voluntary agreement between government and industry which provides companies with tools to be more involved in reducing their impact on the environment through sustainable packaging design, recycling and product stewardship. Premier has submitted its Action Plan outlining its objectives in relation to:

1. Optimising packaging to reduce environmental impact;
2. Increasing the collection and recycling of packaging;
3. Commitment to product stewardship; and
4. Implementation of Sustainable Packaging Guidelines.

All plastic shopping bags used by the group are made using EPI technology designed to control and manage the lifetime of products made from the most common plastics to assist in the breakdown, degradation and subsequent biodegradation process.

WASTE AND RECYCLING

Premier has extensive recycling and sustainable practices across our network of Stores, Distribution Centres and Support Centre. Our Distribution Centres execute on-site recovery systems for recycling used packaging, following Sustainable Packaging Guidelines. All carton packaging uses recycled content. Cartons are reused to facilitate the replenishment of stock, and where necessary waste packaging is compacted and collected for recycling. We have partnered with Orora, a signatory to the Australian Packaging Covenant, to collect and process waste in line with their recycling procedures. Orora's recycling waste business specialises in paper and cardboard, among others, which is the major input for their recycled paper mill that produces 100% recycled paper.

Our Support Centre recycles all paper and has a continuing co-mingled recycling program for glass and plastics on every floor in our entire building. All paper purchased for our Support Centre is accredited from The Forest Stewardship Council sources, an international network which promotes responsible management of the world's forests. All necessary printing at our support centre is activated by personalised swipe access only to release print. This initiative has seen a significant reduction in waste paper printing, as it removes non-collection of printouts. All weekly retail reporting, forms, reference and administrative material is stored and accessible via mobile technology, where possible.

Across our network of stores, reuse is always our first option. Specific initiatives relate to plastic hangers and carton packaging. In store, plastic hangers are first reused, and if there is an oversupply our supplier collects and repackages hangers for reuse or 100% recycling. Additionally, cartons are reused to facilitate movement of stock between our stores. In the balance of instances we will utilise our shopping centre recycling facilities.

ENERGY EFFICIENCY

Premier recognises the importance of energy efficient, low environmental impact lighting systems and since 2012 have adhered to new improved lighting standards to efficiently manage our energy consumption in all of our stores. This has resulted in an investment to our store network and upgrade of 260 stores to LED lighting. This initiative has subsequently meant less heat, thereby reducing the overall heat load on our stores and reduced investment in cooling requirements. In addition this has led to a dramatic reduction in ongoing maintenance and light bulb replacement. This standard has been implemented for all new store fit-outs. Across our existing store network all expired bulbs are recycled and we are looking to complete a "like for like' conventional to LED lamp replacement programme.

With the active participation of our employees, we believe that our focus on environmental issues will make our business more efficient, drive customer and employee connection, and have a positive impact in the communities in which we operate.

Our Commitment to Ethical Sourcing

Premier commits to the highest standards of ethical conduct and responsible product sourcing practices.

We support this commitment by our models for sourcing products, the principles that back-up those models, together with our policies and assurance program.

OUR SOURCING MODELS, PRINCIPLES & POLICIES

We share our customers' full engagement in understanding where products come from, how products are made and the way that people who manufacture those products are treated.

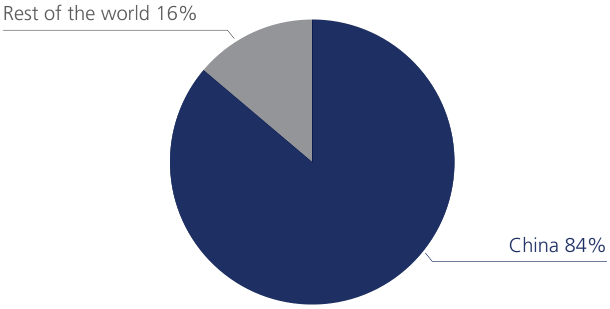
With this in mind, we use the following sourcing models:

- direct sourcing from factories with whom we work in close partnership
- through Li & Fung, the world's largest sourcing company for major retailers and brands around the world

In addition, we work with known established and trusted Australian importers.

We currently source products in the following countries: China, Australia, Bangladesh, Hong Kong, India, Indonesia, Mauritius, Taiwan, Thailand, Turkey, and Vietnam.

SOURCE COUNTRIES (THE JUST GROUP, UNITS)



Our Ethical Sourcing and Supply Code (Code) supports our commitment to sourcing merchandise that is produced according to these principles, regardless of origin.

All suppliers must sign our supply terms and conditions, of which the Code is part, prior to any orders being placed. We will not do business with a supplier who does not comply with the Code.

Among other things, we note that our supply terms and the Code:

- requires compliance with all laws (and/or requires our suppliers to meet higher standards)
- insists on the free association of workers, including the right to collectively bargain and be represented
- requires labour to be voluntary, without workers being required to lodge deposits (eg. identity documents; for recruitment fees etc.)

In each case our model is supported by the following strict sourcing principles:

1. We comply with all laws in the countries we source from and operate.
2. We insist on workers' legal rights – including worker empowerment and free association.
3. We have zero tolerance for child labour.
4. We have zero tolerance for bribery and corruption.
5. We have zero tolerance for animal cruelty.

- prohibits forced labour (including child labour)
- insists on worker rights such as the right to work in safe, hygienic premises where working hours are not excessive
- requires the payment of the minimum national legal standards or local benchmark standards (whichever is higher), and, in relation to full time workers, sufficient to meet basic needs and to provide discretionary income
- prohibits unauthorised sub-contracting – meaning that we have a fully transparent relationship with our suppliers
- prohibits discrimination on the basis of personal attributes as well as union membership or political affiliations

ASSURANCES WHICH SUPPORT OUR SOURCING PRINCIPLES

Background checks. We conduct thorough and ongoing compliance activities of all suppliers directly and through Li & Fung and qualified audit firms.

Factory inspections. Senior management personally inspect all factories that manufacture for us. We continue factory visits throughout our relationship with our suppliers to ensure our principles are strictly adhered to.

BANGLADESH SOURCING

Background

Bangladesh's economic and social development relies on the expansion and strength of the garment sector, including through investment by international retailers. The garment industry comprises around 80% of all Bangladesh export earnings, is a significant contributor to GDP, and employs over 4 million workers, most of whom are women. Premier currently sources a portion of its Just Jeans, Dotti and Jay Jays branded products in Bangladesh and we highlight our program in this country in the interest of full transparency.

MEMBERSHIP OF THE ALLIANCE FOR BANGLADESH WORKER SAFETY

Since 2013 we have been a proud signatory to the Alliance for Bangladesh Worker Safety. This is a legally binding five year commitment to work with some of the world's largest apparel retailers including the following companies: Nordstrom, Gap, Target, Sears, J.C. Penney, Hudson's Bay and Macy's.

Together we have invested in worker safety, improved conditions and transparent reporting in a results oriented, measurable and verifiable way.

The Alliance's achievements to date include:

- inspection of 100% of member factories (including all of our factories)
- publication on the Alliance website of all factory inspection results, along with corrective action plans for any factories requiring remediation (including all of our factories)
- in partnership with the International Finance Corporation, a $50 million low-cost long-term facility to assist factories to undertake remediation
- an anonymous worker helpline program in over 800 member factories, available to over 1.1 million workers (including all of our factories)
- Fire and safety training for 1.29 million workers in all member factories (including all of our factories). Plus following the Nepal Earthquake, the Alliance is now integrating earthquake preparedness into their training programs

Further, the Alliance for Bangladesh Worker Safety collaborates with all parties in country – including the Bangladesh government, NGOs, factory workers and the Accord on Fire & Building Safety in Bangladesh. Both the Alliance and the Accord share common priorities , including a relentless focus on workers generally, as well as building integrity and safety – all supported by financial commitments and good governance.

All initiatives of the Alliance are publicly available at www.bangaladeshworkersafety.org

OUR ACTIVITIES IN BANGLADESH

Our operational processes have included the establishment of our own office in Bangladesh, which we opened in March 2014. Our investment in on the ground infrastructure in Bangladesh, including employing staff at our sourcing office directly, supports our audit and compliance activities in that market with particular focus on social compliance and safety which includes:

1. Senior management personally inspect ALL factories that manufacture for us prior to commencing business. We continue factory visits throughout our relationship with our suppliers to ensure our principles are strictly adhered to. Our Code includes the ability for us to make unannounced visits in Bangladesh for the purposes of our audit and compliance activities.
2. Prior to placing orders with any factory, we also engage independent internationally recognised qualified assessment and audit firms to verify compliance with all local laws and safety conditions, in relation to labour and safety issues including fire and building integrity.
3. During manufacturing, our globally independent audit firm Intertek inspect all orders. To-date we have achieved a 100% inspection rate of all our orders in all of our factories.
4. In addition, if the factories are not member factories of either the Alliance or the Accord, then we will not conduct business with them. Factories must be inspected for compliance with Alliance safety standards before they can be approved by the Alliance for production.

As noted; the Alliance has conducted fire safety training at all factories we source from and all employed staff have received this training. We are fully engaged in this process with a committed and responsible work program in Bangladesh.

ETHICAL RAW MATERIAL PROCUREMENT

Our sourcing commitment is supported by the following initiatives relating to fibre procurement:

- Rabbit angora
  We confirm that we will not source products containing rabbit angora until we can be completely confident that the ethical standards of rabbit angora farming are assured and independently audited.
- Cotton
  We will not source cotton harvested in Uzbekistan. We will maintain this position until the government of Uzbekistan ends the practice of forced child and adult labour in its cotton sector. To this end, we signed the Pledge against Child and Adult Forced Labour in Uzbek Cotton.
- Azo Dyes
  We have voluntarily adopted the EU standard whereby we prohibit the manufacture and sale of goods which contain prohibited levels of the specific aromatic amines originating from a small number of azo dyes.
- Sandblasted denim
  The harmful practice of 'sandblasting' denim with silica based powders has been discontinued in our business since 2011.

Our Business

CODE OF CONDUCT

Premier acknowledges the importance of respecting our stakeholders, including team members, shareholders, customers and suppliers. We also know that by respecting and working with the communities in which we operate we can make an impact.

Our Code of Conduct outlines our legal, moral and ethical obligations which are underpinned by the behaviours we expect of all of our stakeholders.

The principles ensure that we:

- Foster a culture in which all stakeholders including customers, shareholders and fellow team members are treated with respect
- Comply with the law and Premier policies
- Protect company assets, information and reputation
- Provide a safe workplace for our team members and visitors
- Develop a culture where professional integrity and ethical behaviour is valued

As part of this focus, team members are regularly required to complete the Code of Conduct training.

In addition, we have an advisory email and a confidential telephone service for all issues and complaints under this Code.

SHRINKAGE

Shrinkage is the loss of merchandise that can be attributed to product theft or through administrative handling process. Premier has a shrinkage reduction strategy in place with processes and education aimed at reducing these losses. Premier delivered the seventh consecutive year of improved shrinkage results in Australia and we will continue to maintain this focus into the future.

Premier Investments Limited

A.C.N. 006 727 966

Financial Report

For the Period Commencing
31 July 2016 to 29 July 2017

Contents

Directors' Report

The Board of Directors of Premier Investments Limited (A.B.N. 64 006 727 966) has pleasure in submitting its report in respect of the financial year ended 29 July 2017.

The Directors present their report together with the consolidated financial report of Premier Investments Limited (the "Company" or "Premier") and its controlled entities (the "Group") for the 52 week period 31 July 2016 to 29 July 2017, together with the independent audit report to the members thereon.

DIRECTORS

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

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

Mr. Lew was appointed as Non-Executive Director and Chairman of Premier on 31 March 2008. Mr. Lew is a director of Century Plaza Investments Pty Ltd, the largest shareholder in Premier and was previously Chairman of Premier from 1987 to 1994.

Mr. Lew has over 50 years' experience in the manufacture, wholesale and retailing of textiles, apparel and general merchandise, as well as property development. His success in the retail industry has been largely due to his ability to read fashion trends and interpret them for the Australasian market, in addition to his demonstrated ability in the timing of strategic investments.

Mr. Lew was a Director of Coles Myer Limited from 1985 to 2002, serving as Vice Chairman from 1989, Chairman from 1991 to 1995, Executive Chairman in 1995 and Vice Chairman in 1995 and 1996.

Mr. Lew is a member of the World Retail Hall of Fame and is the first Australian to be formally inducted.

He is also a former Board Member of the Reserve Bank of Australia and former Member of the Prime Minister's Business Advisory Council.

Mr. Lew was the inaugural Chairman of the Mount Scopus Foundation (1987 – 2013) which supports the Mount Scopus College, one of Australia's leading private colleges with 2000 students. He has also been the Chairman or a Director of a range of philanthropic organisations.

Dr. David M. Crean ***Deputy Chairman and Non-Executive Director***

Dr. Crean has been an Independent Non-Executive Director of Premier since December 2009, Deputy Chairman since July 2015 and is currently the Chairman of Premier's Audit and Risk Committee (appointed August 2010).

Dr. Crean was Chairman of the Hydro Electric Corporation (Hydro Tasmania) from September 2004 until October 2014 and was also Chairman of the Business Risk Committee at Hydro Tasmania, member of the Audit Committee and Chairman of the Corporate Governance Committee.

Dr. Crean was State Treasurer of Tasmania from August 1998 to his retirement from the position in February 2004. He was also Minister for Employment from July 2002 to February 2004. He was a Member for Buckingham in the Legislative Council from 1992 to February 1999, and then for Elwick until May 2004. From 1989 to 1992 he was the member for Denison in the House of Assembly. From 1993 to 1998 he held Shadow Portfolios of State Development, Public Sector Management, Finance and Treasury.

Dr. Crean has been a non-executive director and deputy Chairman of Moonlake Investments, owner of VDL dairy farms in Tasmania since August 2016, and is Chairman of its Audit and Risk Committee. He is also a Board member of the Linfox Foundation. Dr. Crean graduated from Monash University in 1976 with a Bachelor of Medicine and Bachelor of Surgery.

Directors' Report continued

Mark McInnes ***Executive Director***

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

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

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

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

Timothy Antonie ***Non-Executive Director and Lead Independent Director***

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

Lindsay E. Fox AC ***Non-Executive Director***

Mr. Fox has extensive experience in all aspects of the transport, distribution and warehousing industries. He is the founder of the Linfox Group of Companies. Today, the Linfox Group operates one of the largest supply chain services businesses with operations in 12 countries. The Linfox Group employs over 24,000 people, operates 4.8 million square metres of warehouses and a fleet of more than 6,000 vehicles and carries out distribution operations for leading companies across the Asia-Pacific region. The Linfox Group includes operations in the areas of transport and logistics, airports, property development and cash management services.

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

In 2010, Victoria University admitted Mr. Fox to the degree of Doctor of the University *honoris causa* for his outstanding achievements in the transport industry, for his contribution to the community through his sustained efforts to reduce unemployment and his campaign against youth suicide.

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

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

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

Sally Herman ***Non-Executive Director***

Sally Herman is an experienced Non-Executive Director in the fields of financial services, retail, manufacturing and property. She had a successful executive career spanning 25 years in financial services in both Australia and the US, transitioning in late 2010 to a full time career as a Non-Executive Director.

Prior to that, she had spent 16 years with the Westpac Group, running major business units in most operating divisions of the Group as well as heading up Corporate Affairs and Sustainability through the merger with St. George and the global financial crisis.

Ms. Herman sits on both listed and unlisted Boards, including Suncorp Group Limited (effective 6 October 2015), Breville Group Limited, ME Bank Limited (retired 5 October 2015) and Investec Property Limited. She was also a board member of FSA Group Limited (retired 28 November 2014). Ms. Herman is on the Board of the Sydney Harbour Federation Trust. Ms. Herman holds a BA from the University of NSW and is a Graduate of the Australian Institute of Company Directors.

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

Henry Lanzer AM is Managing Partner of Arnold Bloch Leibler, a leading Australian commercial law firm. Henry has over 35 years' experience in providing legal, corporate finance and strategic advice to some of Australia's leading companies.

Mr. Lanzer is a Non-Executive Director of Just Group Limited, Thorney Opportunities Limited and the TarraWarra Museum of Art and also a Life Governor of the Mount Scopus College Council.

In June 2015, Henry was appointed as a Member of the Order of Australia.

Terrence L. McCartney ***Non-Executive Director (Appointed 15 April 2016)***

Mr. McCartney has had a long and successful career in retail. Mr. McCartney started at Boans Department Stores in Perth then moved to Grace Bros in Sydney. After the acquisition of Grace Bros by Myer, he relocated to the merged Department Stores Group in Melbourne within the merchandise and marketing department. His successful career within Coles Myer meant that Terry then moved to the Kmart discount department stores as Head of Merchandise and Marketing and then Managing Director. Following several years as Managing Director of Kmart Australia and New Zealand, Terry became Managing Director of Myer Grace Bros. For 5 years Terry lead year on year growth in profitability of Australia's largest department store.

Terry's experience spans the full spectrum of retailing, ranging from luxury goods in department stores to large mass merchandise discount operations. Terry has also been retained by large international accounting and legal firms as an expert witness in relation to Australian retail.

In addition to his extensive list of retail experience, he has also been an advisor to large Australian and international mining companies, prior to joining the Just Group Board in 2008. Terry lends his extensive retail and commercial expertise to the Just Group as Non-Executive Director, and by serving on a number of committees, including the Internet Steering Committee of the Group, and through various store and site visits, both locally and overseas. He is also involved in seasonal and trading performance reviews for the Group.

Terry is a member of the Remuneration and Nomination Committee of Premier Investments Limited. In August 2017, he was appointed Chairman of the Remuneration and Nomination Committee.

Directors' Report continued

Michael R.I. McLeod ***Non-Executive Director***

Mr. McLeod is a former Executive Director of the Century Plaza Group and has been involved with the Group since 1996 as an advisor in the areas of corporate strategy, investment and public affairs. He has been a Non-Executive Director of Premier Investments Limited since 2002 and was a Non-Executive Director of Just Group Limited from 2007 to 2013. Past experience includes the Australian Board of an international funds manager, chief of staff to a Federal Cabinet Minister and statutory appointments including as a Commission Member of the National Occupational Health and Safety Commission.

He holds a Bachelor of Arts (First Class Honours and University Medal) from the University of New South Wales.

Dr. Gary H. Weiss LL.M, J.S.D. ***Non-Executive Director***

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

Dr. Weiss is Chairman of Ridley Corporation Limited and Estia Health Limited, Executive Director of Ariadne Australia Limited, and a Director of Pro-Pac Packaging Limited, Tag Pacific Limited (resigned: 31 August 2017), Thorney Opportunities Limited, The Straits Trading Company Limited and Ardent Leisure Limited (appointed: 3 September 2017). He was Chairman of Clearview Wealth Limited from July 2013 until May 2016 and of Coats Plc from 2003 until April 2012, and Executive Director of Guinness Peat Group Plc from 1990 to April 2011 and has held directorships of numerous companies, including Mercantile Investment Company Limited (retired 25 February 2015), Westfield Group, Tower Australia Limited, Australian Wealth Management Limited, Tyndall Australia Limited (Deputy Chairman), Joe White Maltings Limited (Chairman), CIC Limited, Whitlam Turnbull & Co Limited and Industrial Equity Limited.

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

COMPANY SECRETARY

Kim F. Davis

Mr. Davis has been the Company Secretary of Premier Investments Limited for 23 years. Prior to holding this position, Mr Davis had 15 years' experience within the accounting industry as a tax and financial advisor.

PRINCIPAL ACTIVITIES

The Group operates a number of specialty retail fashion chains within the specialty retail fashion markets in Australia, New Zealand, Singapore, United Kingdom, Republic of Ireland, Malaysia and Hong Kong. The Group also has significant investments in listed securities and money market deposits.

DIVIDENDS

		CENTS	$'000
Final Dividend recommended for 2017		27.00	42,592
Dividends paid in the year:	Interim for the half-year ended 28 January 2017	26.00	40,994
Final for 2016 shown as recommended in the 2016 report		25.00	39,358

OPERATING AND FINANCIAL REVIEW

Group Overview:

Premier Investments Limited acquired a controlling interest in Just Group Limited ("Just Group"), a listed company on the Australian Securities Exchange in August 2008. Subsequent to the acquisition, Just Group delisted from the Australian Securities Exchange. Just Group is a leading specialty fashion retailer with operations in Australia, New Zealand, Singapore, United Kingdom, Malaysia, Hong Kong and the Republic of Ireland. Just Group has a portfolio of well-recognised retail brands, consisting of Just Jeans, Jay Jays, Jacqui E, Portmans, Dotti, Peter Alexander and Smiggle. Currently, these seven unique brands are trading from more than 1,100 stores across seven countries, as well as online. Smiggle opened its first two stores in the Republic of Ireland during the year, marking the brand's entry into the Eurozone. A total of 58 Smiggle stores were opened across Europe and Asia, bringing the global total stores to 297 as at the end of the 2017 financial year.

The Group's emphasis is on a range of brands that provide diversification through breadth of target demographic and sufficiently broad appeal to enable a national footprint. Over 90% of the product range is designed, sourced and sold under its own brands. There is a continuing investment in these brands to ensure they remain relevant to changing customer tastes and remain at the forefront of their respective target markets.

Group Operating Results:

The Group's reported revenue from the sale of goods, total income and net profit after income tax for the 52 week period ended 29 July 2017 (2016: 53 week period ended 30 July 2016) are summarised below:

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000	% CHANGE
Revenue from sale of goods	1,092,760	1,049,226	+4.15%
Total interest income	6,145	7,888	-22.10%
Total other income and revenue	2,227	1,847	+20.57%
Total revenue and other income	1,101,132	1,058,961	+3.98%
Net profit after income tax	105,136	103,874	+1.21%

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Group Operating Results (continued):

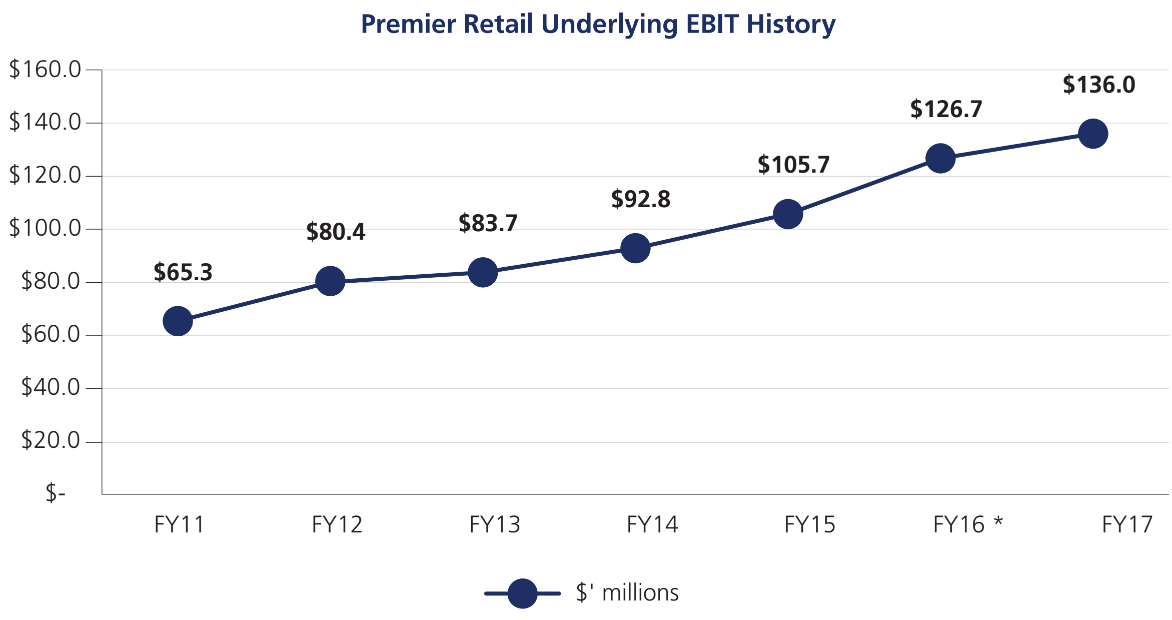
Retail Segment:

As Premier's core business, Just Group was the key contributor to the Group's operating results for the financial year. Key financial indicators for the retail segment for the 52 week period ended 29 July 2017 (2016: 53 week period ended 30 July 2016) are highlighted below:

RETAIL SEGMENT	52 WEEKS ENDED 29 JULY 2017	53 WEEKS ENDED 30 JULY 2016	% CHANGE
Sale of goods	1,092,760	1,049,226	+4.15%
Total segment income	1,095,062	1,051,241	+4.17%
Segment net profit before income tax	126,182	126,207	-0.02%
Capital expenditure	45,040	42,677	+5.54%

The Retail Segment contributed $126.2 million to the Group's net profit before income tax for the 52 week period ended 29 July 2017 (2016: $126.2 million net profit before income tax for the 53 week period ended 30 July 2016). The reported results for the 2016 financial year represented a 53 week period ended 30 July 2016, whereas the current financial year represents a 52 week period, ended 29 July 2017.

The Retail Segment Underlying Earnings before Interest and Taxation ("EBIT") increased by 7.3% to $136.0 million for the 52 weeks ended 29 July 2017, a new record for the Group. This strong result was achieved notwithstanding the structural pressures and challenges currently facing the Australian retail landscape.



* FY16 Underlying EBIT represents a comparable 52 week period.

Refer to page 9 for a reconciliation between underlying EBIT and statutory reported operating profit before taxation for the Retail Segment.

Growth in sales, combined with tight controls over the total cost of doing business led to the outstanding retail segment underlying EBIT result. The solid result is a reflection of the Group's continued efforts to transform its core brands, the implementation of its organisation-wide cost efficiency program, as well as the focus on its growth initiatives, both locally and internationally.

PREMIER RETAIL TRANSFORMATION STRATEGY – OUR FOCUS ON GROWTH AND INVESTMENT	
GROWTH	**CORE**
• Grow Smiggle significantly	• Gross margin expansion program
• Grow Peter Alexander significantly	• Rejuvenation of core apparel brands
• Expansion and growth of online businesses	• Organisation-wide cost efficiency program

The increase in sales is as a result of strong sales growth across the portfolio of brands, with successful growth in both overseas and domestic markets. Online sales were up 44.3% on the prior comparative 52 week period.

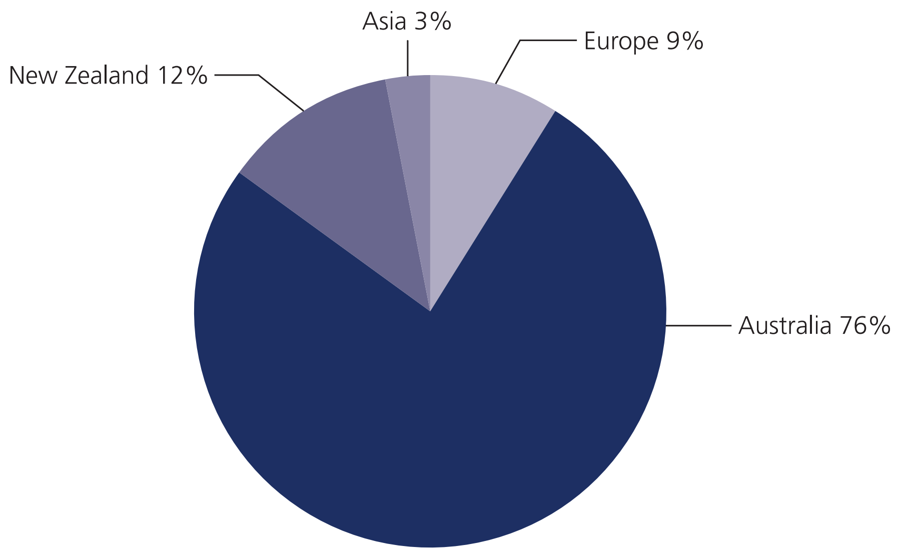
It has been an outstanding year for the growth-focussed brands, being Peter Alexander and Smiggle. Smiggle reported record global sales growth of 28.8% on the previous comparable 52 week period. Similarly, Peter Alexander recorded sales growth of 14.0% on the previous comparable 52 week period. Peter Alexander's growth plan will target further store openings over the next three years.

The Group continues to invest in new stores globally, and actively seeks to deliver sustainable sales growth through store upgrades and refurbishments. During the 2017 financial year, the Group opened a further 74 stores across all geographic segments, bringing the total global store network to over 1,100 stores.

During the 2017 financial year, the Group also entered the Eurozone by opening its first Smiggle stores in the Republic of Ireland. The Group also recently announced its further expansion into Continental Europe, with the first stores set to open in the Netherlands and Belgium in calendar year 2018.

Retail segment sales per geographic segment is presented in the graph below:

Sale of Goods Per Geographic Segment for the Period Ended 29 July 2017



Directors' Report continued

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Group Operating Results (continued):

Retail Segment (continued):

Reconciliation between underlying Premier Retail EBIT and Reported Retail Segment Result

The Group's results are reported under International Financial Reporting Standards ("IFRS") and represents financial information that is presented in accordance with all relevant accounting standards. Non-IFRS information is financial information that is presented other than in accordance with all relevant accounting standards. The Group provides these Non-IFRS financial measures to better understand key aspects of the performance and drivers of the Group's Retail Segment.

The table below reconciles the Non-IFRS financial term Premier Retail underlying EBIT to the Reported Retail Segment Result for each of the financial years:

	2017 $'000	2016 * $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Reported Retail Segment Operating Profit before Taxation	**126,182**	**126,207**	**98,958**	**79,299**	**76,686**	**69,988**	**39,796**
Add back: Interest expense	4,884	4,912	5,738	6,311	6,988	10,194	9,614
EBIT	**131,066**	**131,119**	**104,696**	**85,610**	**83,674**	**80,182**	**49,410**
Adjusted for:							
Inter-segment adjustments	(84)	(167)	(673)	(482)	30	192	74
One-off costs related to strategic review	-	-	-	-	-	-	15,771
One-off Smiggle new market entry expense	218	-	-	3,193	-	-	-
One-off supply chain transformation expense	-	-	-	4,482	-	-	-
One-off exit of South African Joint Venture	-	-	1,724	-	-	-	-
Non-comparable EBIT contribution for the 53rd week in 2016	-	(6,596)	-	-	-	-	-
One-off expenses relating to Head office relocation and make-good	1,786	-	-	-	-	-	-
One-off litigation expense	3,045	2,345	-	-	-	-	-
Underlying Premier Retail EBIT	**136,031**	**126,701**	**105,747**	**92,803**	**83,704**	**80,374**	**65,255**
Underlying Premier Retail EBIT, expressed in $' millions	**136.0**	**126.7**	**105.7**	**92.8**	**83.7**	**80.4**	**65.3**

* Reported Premier Retail Profit before tax for the year ended 30 July 2016 represented a 53 week financial year.

Investment Segment:

The Group's balance sheet remains strong, primarily due to the significant asset holding of the investment segment. As at 29 July 2017, the Group continued to reflect its 27.5% shareholding in Breville Group Limited as an investment in associate, with an equity accounted value of $216.9 million. The fair value of the Group's interest in Breville Group Limited as determined based on the quoted market price for the shares as at 29 July 2017 was $362.3 million.

During the 2017 financial year, the Group acquired a strategic investment of 10.77% in Myer Holdings Limited. At year-end the fair value of this available-for-sale financial asset is reflected as $67.7 million.

The Group also acquired an office building in Melbourne, Victoria, with a cost price of $58.5 million. The Group obtained a $50 million secured bank borrowing to partially fund the acquisition. The office building is expected to be utilised as the future head office of Premier Retail to support the Group's continued growth.

GROUP PERFORMANCE

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

	2017	2016	2015	2014	2013
Closing share price at end of financial year	$13.35	$16.22	$13.43	$9.34	$7.68
Basic earnings per share (cents)	66.8	66.3	56.5	47.0	112.4
Dividend paid per share (cents)	51.0	44.0	50.0	39.0	37.0
Return on equity (%)	7.9%	7.8%	6.6%	5.6%	13.4%
Net debt/equity ratio (%)	0.2%	(13.3%)	(13.2%)	(14.9%)	(16.2%)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year ended 29 July 2017.

SIGNIFICANT 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). The dividend has not been provided for in the 29 July 2017 financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Certain likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to the period ended 29 July 2017 are referred to in the preceding operating and financial review. No additional information is included on the likely developments in the operations of the Group and the expected results of those operations as the Directors reasonably believe that the disclosure of such information would be likely to result in unreasonable prejudice to the Group if included in this report, and it has therefore been excluded in accordance with section 299(3) of the *Corporations Act 2001*.

Directors' Report continued

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS AND SHARES ISSUED DURING THE FINANCIAL YEAR

Unissued Shares:

As at the date of this report, there were 1,149,837 unissued performance rights (1,149,837 at the reporting date). Refer to the remuneration report for further details of the options outstanding.

Shares Issued as a Result of the Exercise of Options:

A total of 584,305 shares (2016: 784,386) were issued during the year pursuant to the Group's Performance Rights Plan. No other shares were issued during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDITOR INDEPENDENCE

The Directors received a copy of the Auditor's Independence Declaration in relation to the audit for this financial year and is presented on page 36.

NON-AUDIT SERVICES

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

Details of non-audit services provided by the Group's auditor, Ernst & Young, can be found in Note 30 of the Financial Report.

ROUNDING

The company is a company of the kind specified in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016. In accordance with that ASIC instrument amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

INTERESTS IN SHARES AND RIGHTS OF THE COMPANY

At the date of this report, the interests of the Directors in the shares and performance rights of the company were:

Mr. S. Lew	4,437,699 ordinary shares**
Mr. L.E. Fox	2,577,014 ordinary shares
Ms. S. Herman	8,000 ordinary shares
Mr. H.D. Lanzer	27,665 ordinary shares
Mr. M.R.I. McLeod	28,186 ordinary shares
Dr. G. H. Weiss	6,000 ordinary shares
Mr. M. McInnes	236,800 ordinary shares and 750,000 performance rights

**Mr. Lew is an associate of Century Plaza Investments Pty. Ltd. and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 59,804,731 shares in the company. However, Mr. Lew does not have a relevant interest in the shares of the company held by the Associated Entities.

DIRECTORS' MEETINGS

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

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
DIRECTOR	MEETINGS HELD	NUMBER ATTENDED	MEETINGS HELD	NUMBER ATTENDED	MEETINGS HELD	NUMBER ATTENDED
Mr. S. Lew	6	6	-	-	-	-
Mr. M. McInnes	6	6	-	-	-	-
Mr. T. Antonie	6	6	4	4	3	3
Dr. D. Crean	6	6	4	4	-	-
Mr. L. E. Fox	6	6	-	-	-	-
Ms. S. Herman	6	6	4	4	-	-
Mr. H. D. Lanzer	6	6	-	2	3	3
Mr. T. L. McCartney	6	6	-	2	3	3
Mr. M. R. I. McLeod	6	6	-	-	-	-
Dr. G. H. Weiss	6	6	-	-	-	-

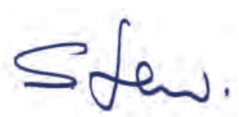
REMUNERATION REPORT

The Remuneration Report, which forms part of this Directors' Report, is presented from page 13.

CORPORATE GOVERNANCE STATEMENT

To view Premier's Corporate Governance Statement, please visit www.premierinvestments.com.au/about-us/board-policies.

The Directors' Report is signed in accordance with a resolution of the Board of Directors.



Solomon Lew
Chairman
3 October 2017

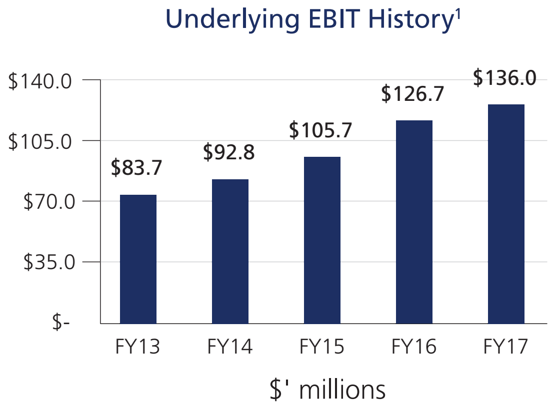
REMUNERATION REPORT

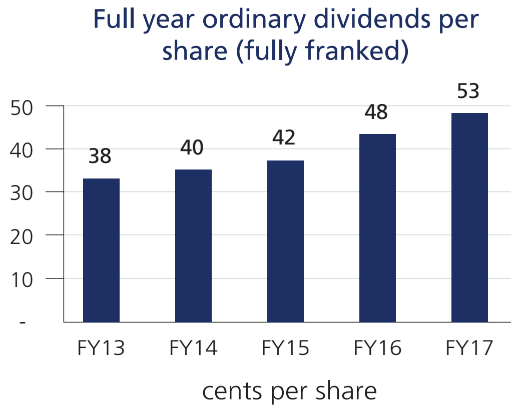
Dear Shareholders,

As the new Chairman of the Remuneration and Nomination Committee, it is my pleasure to present our remuneration report for the 52 weeks ended 29 July 2017. Following on from the expanded disclosures we provided last year, this report provides a high level of detail in relation to our performance, remuneration outcomes and incentive arrangements.

Notwithstanding the marked changes and challenges in the retail landscape, Premier continues to deliver very strong results for our shareholders. For the 2017 financial year, Premier Retail's CEO, Mark McInnes, successfully led Premier Retail to achieve reported sales of $1.1 billion, reported retail segment operating profit before taxation of $126.2 million and an underlying Earnings before Interest and Taxation ("EBIT")[1] of $136 million, up 7.3% on a comparable 52 week prior financial year.

Premier shareholders continue to enjoy some of the best returns of any listed company in the ASX200. Premier Retail has delivered six consecutive years of underlying EBIT growth, resulting in increased ordinary fully franked dividends being declared to our shareholders.





We have continued our focus on the development and career trajectory of our very strong team of female executives. Female leaders spearheaded internet and marketing, human resources, and four out of our seven brands, to deliver exceptional results.

Our commitment to support and encourage female leadership flows through all levels of the business. 90% of our 8,000 strong workforce are female. It is a key priority for us to ensure that the executive and leadership structure reflects our unique composition, and we are continuing to work towards this.

In addition, Premier has turned its attention to the diversity of the Board. The current Board provides deep experience in retail, finance, distribution and logistics, accounting, legal, international transaction and public policy sectors. Details of our Board's background and expertise are set out in our annual report.

In the interests of maintaining an engaged and high performing Board, we are continually looking to increase the skill set of our members. For this same reason, the Remuneration and Nomination Committee has undergone changes. My appointment as Chairman in August 2017 ensures that the Committee is both headed by an independent director, and majority of members are independent.

---

[1] Refer to page 9 of the Directors' Report for a definition and reconciliation of underlying EBIT.

Throughout the past financial year we have expanded our footprint of retail stores overseas. At year-end, Premier Retail successfully and profitably operated 145 stores across Singapore, England, Scotland, Wales, Hong Kong, Malaysia and the Republic of Ireland. Furthermore, Premier Retail announced that it will further grow its European markets by entry into Continental Europe. The first stores will open in the Netherlands and Belgium in calendar year 2018.

Premier's remuneration strategies reflect this global reach, and the highly competitive retail market. The report summarises our remuneration strategies, the way in which incentives are calculated and the connection between those strategies and the achievement of positive returns for shareholders.

In order to compete in an international pool of talent, it is critical that Premier continue to entice, incentivise and develop executives who can bring innovative and forward thinking strategies to the business. The Board is committed to supporting its high calibre key management personnel, to ensure the strong financial returns enjoyed by shareholders continue.

Terrence McCartney
Chairman, Remuneration and Nomination Committee

REMUNERATION REPORT (AUDITED)

This remuneration report for the 52 weeks ended 29 July 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (the "Act") and its regulations. This information has been audited as required by section 308 (3C) of the Act.

The remuneration report is presented under the following headings:

1. Introduction
2. Remuneration Governance
3. Executive remuneration arrangements:-
    A. Remuneration principles and strategy
    B. Approach to setting remuneration
    C. Fixed remuneration objectives
    D. Detail of incentive plans
4. Executive remuneration outcomes (including link to performance)
5. Remuneration of CEO Premier Retail, Mr. McInnes
6. Executive service agreements
7. Non-Executive Director remuneration arrangements
8. Remuneration of Key Management Personnel
9. Additional disclosures relating to Rights and Shares
10. Additional disclosure relating to transactions and balances with Key Management Personnel

1. INTRODUCTION

The remuneration report details the remuneration arrangement for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The table below outlines the Group's KMP during the 52 weeks ended 29 July 2017. Unless otherwise indicated, the individuals were KMP for the entire financial year.

KEY MANAGEMENT PERSONNEL

(i) Non-Executive Directors

Mr. S. Lew	Chairman and Non-Executive Director
Dr. D. Crean	Deputy Chairman and Non-Executive Director
Mr. T. Antonie	Non-Executive Director and Lead Independent Director
Mr. L.E. Fox	Non-Executive Director
Ms. S. Herman	Non-Executive Director
Mr. H.D. Lanzer	Non-Executive Director
Mr. T.L. McCartney	Non-Executive Director *(appointed: 15 April 2016)*
Mr. M.R.I. McLeod	Non-Executive Director
Dr. G.H. Weiss	Non-Executive Director

(ii) Executive Director

Mr. M. McInnes	Executive Director and Chief Executive Officer Premier Retail

(iii) Executives

Mr. K.F. Davis	Company Secretary, Premier Investments Limited
Mr. J.S. Bryce	Chief Financial Officer, Just Group Limited *(appointed: 13 December 2016)*
Mr. A. Gardner	Chief Financial Officer, Just Group Limited *(ceased: 23 February 2016)*
Ms. C. Garnsey	Core Brand Director, Just Group Limited *(ceased: 7 August 2017)*
Ms. N. Peck	Chief Financial Officer, Just Group Limited *(ceased: 23 June 2016)*

Other than as noted above, there were no changes to the KMP after the reporting date and before the date the financial report was authorised for issue.

2. REMUNERATION GOVERNANCE

Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("Committee") of the Board of Directors of the Group ("Board") comprises three Non-Executive Directors. During the 2017 financial year, Mr. Lanzer served as Chairman of the Committee. In August 2017, Mr. McCartney assumed the role of Chairman. Mr. McCartney is an independent director and brings to the Committee many years of retail and business experience, both as an advisor and director. Further details in relation to Mr. McCartney's background and expertise is set out in the annual report.

Mr. McCartney's appointment ensures that the Committee is led by an independent Non-Executive Director, and that the majority of members are independent Non-Executive Directors. This demonstrates an ongoing commitment to the independence of the Committee. The Committee has delegated decision-making authority for some matters related to the remuneration arrangements for KMP and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the Chief Executive Officer Premier Retail ("CEO Premier Retail") and other executives, including awards made under the short term incentive ("STI") and long term incentive ("LTI") plans, following recommendations from the Committee. The Board also sets the aggregate remuneration for Non-Executive Directors (which is subject to shareholder approval) and Non-Executive Director fee levels. The Committee approves, having regard to recommendations made by the CEO Premier Retail, the level of the Group STI pool.

The Committee meets regularly. The CEO Premier Retail attends certain Committee meetings by invitation, where management input is required. The CEO Premier Retail is not present during discussions relating to his own remuneration arrangements.

Further information relating to the Committee's role, responsibilities and membership can be seen at www.premierinvestments.com.au.

Use of remuneration advisors

The Committee seeks, from time to time, external remuneration advice to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by, and report directly to, the Committee.

During the 2016 financial year, the Committee approved the engagement of Egan Associates to review Mr. McInnes' remuneration arrangements.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. EXECUTIVE REMUNERATION ARRANGEMENTS

3A. Remuneration principles and strategy

The Group's executive remuneration strategy is designed to attract, motivate and retain high performing individuals, and align the interests of executives with shareholders.

The Group operates mainly in the retail industry, with significant revenues earned in its traditional markets of Australia and New Zealand. The retail industry in these markets has seen marked structural change over recent years, including a prevalence in the use of new and existing technology, an increase in international competitors and significant changes in general consumer sentiment.

Complementing its strong market position in Australia and New Zealand, the Group has significantly increased its revenues from international markets including Singapore, England, Scotland, Wales, the Republic of Ireland, Hong Kong and Malaysia. The Group is committed to growing its existing international presence whilst also exploring expansion into new geographies. The Group recently announced its further expansion into Continental Europe, with the first stores set to open in the Netherlands and Belgium in calendar year 2018.

The market for skilled and experienced executives in the retail industry continues to be increasingly competitive and international in nature. The Group's strong domestic position, as well as global reach, provides exposure to an international pool of talent and access to a diverse range of strategies to respond to industry changes.

Given these structural changes and the Group's growing international business, the Board believes it is both critical to the future success of the business, and in the best interest of shareholders, to attract, retain and develop the best possible executive team through the provision of competitive remuneration packages, and incentive arrangements which are aligned to growth and performance.

The Group's strategic objective is to be recognised as a leader in the retail industry and build long term value for shareholders. It seeks to do this in the following ways:

PREMIER RETAIL TRANSFORMATION STRATEGY – OUR FOCUS ON GROWTH AND INVESTMENT

GROWTH	CORE
• Grow Smiggle significantly	• Gross margin expansion program
• Grow Peter Alexander significantly	• Rejuvenation of core apparel brands
• Expansion and growth of online businesses	• Organisation-wide cost efficiency program

The Group is committed to ensuring that executive remuneration outcomes are explicitly linked to the overall performance and success of the Group. This section, and in particular the diagram on the following page, illustrates this link between the Group's strategic objective and its executive remuneration strategies.

Group Objective
To be recognised as a leader in our industry and build long-term value for our shareholders

Remuneration strategy linkages to Group objective	
Align the interests of executives with shareholders • The remuneration framework incorporates "at-risk" components, through STI and LTI plans. • Performance is assessed against a suite of financial and non-financial measures relevant to the success of the Group and generate returns for shareholders.	Attract, motivate and retain high performing individuals • Remuneration is competitive as compared to companies of a similar size and complexity. • Longer-term remuneration frameworks and "at-risk" components encourage retention, development and a multi-year performance focus.

Component	Vehicle	Purpose	Link to performance
Fixed remuneration	Comprises base salary, superannuation contributions and other benefits	To provide competitive fixed remuneration with reference to the applicable role, market and relevant executive's experience.	Both the executive's performance, and the performance of the Group, are considered during regular remuneration reviews.
STI	Awarded in cash	Rewards executives for their contribution to achievement of Group and business unit annual outputs and performance outcomes.	Key financial metrics based primarily on Premier Retail's underlying earnings before interest and taxation ("EBIT") of each business unit, as well as a suite of other internal financial and non-financial measures.
LTI	Awarded in performance rights	Rewards executives for their contribution to the creation of shareholder value over the long term.	Vesting of performance rights is dependent on both a positive total shareholder return ("TSR") for the Group and testing against the Comparison Peer Group (defined in Section 3D of this report).
Discretionary Bonus	Awarded in cash or performance rights	Rewards executives in exceptional circumstances linked to long term shareholder outcomes.	Granted at the discretion of the Board upon recommendation of the Committee in exceptional circumstances, and when in the best interests of the Group. No discretionary bonuses were made during the 2017 or 2016 financial years.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. EXECUTIVE REMUNERATION ARRANGEMENTS (CONTINUED)

3B. Approach to setting remuneration

For the 52 weeks ended 29 July 2017, the executive remuneration framework comprised of fixed remuneration, STI and LTI, as outlined below. Details of Mr. McInnes' remuneration are provided in section 5 of this report.

The Group aims to reward executives with a competitive level and mix of remuneration appropriate to their position and responsibilities, and linked to shareholder value creation.

3C. Fixed remuneration objectives

Fixed remuneration is reviewed by the Committee. The process consists of a review of the Group, applicable business unit and executive's individual performance, relevant comparative remuneration (both externally and internally) and, where appropriate, external advice. The Committee has access to external advice independent of management.

3D. Detail of incentive plans

Short term incentive ("STI")

The Group operates an annual STI program which is awarded subject to the attainment of clearly defined financial and non-financial Group and business unit measures.

Who participates?	Executives who have served a minimum of nine months.
How is STI delivered?	Cash.
What is the STI opportunity?	Executives have a STI opportunity of between 0% and 100% of their fixed remuneration.
What are the applicable financial performance measures?	STI payments awarded to each executive are explicitly aligned to the key value drivers of Premier Retail, such that rewards will only be payable when the following criteria have been met: • budgeted EBIT of Premier Retail has been achieved and an incentive pool has been created; • the executive receives a performance appraisal on target or above; • the executive's minimum performance outcomes have been achieved (hurdle); and • the executive's key performance indicators ("KPIs") have been met (qualifiers). The financial performance measures are chosen with reference to the strategic objective to promote both short term success and provide a framework for delivering long term value. The hurdle criteria are designed to ensure STI outcomes are aligned to the creation of shareholder value. If the hurdles are not met, the STI is not payable. The qualifier criteria aligns the individual activities and focus of the executive to shareholder value. Each executive is set multiple KPIs covering financial, non-financial, Group and business unit measures of performance. The KPIs are quantifiable and weighted according to their value. The budgeted EBIT for each year is expected to incorporate growth on the previous year. As such, in a year in which STI payments are made, executives must exceed the actual result in the prior year to achieve an STI in the following year. This mechanism ensures the STI scheme continues to build shareholder returns over time.

What are the applicable non-financial performance measures?	The award of a STI is also dependent on the executive achieving individual aligned non-financial performance indicators, such as: • retention of existing customers through outstanding customer service; • implementation of key growth initiatives; • demonstrated focus on a continuous improvement in safety performance; and • demonstrated focus on the growth and development of leadership and team talent to encourage leadership succession.
How is performance assessed?	After the end of the financial year, following consideration of the financial and non-financial performance indicators, the Committee obtains input from the CEO Premier Retail in relation to the amount of STI to be paid to eligible executives. The Committee then provides its recommendations to the Just Group Board for approval. The provision of any STI payments is subject to the sole discretion of the Chairman.

Long-term incentive ("LTI")

The Group's LTI plan seeks to create shareholder value over the long term by aligning executive remuneration with the Group's strategic objectives.

Generally, LTI performance rights are granted annually and are eligible to vest three years from the date of the grant, with the exception of rights awarded to Mr. McInnes as well as the rights granted to Ms. Garnsey during the 2013 financial year.

In respect to Ms. Garnsey, the performance rights issued to her on 18 April 2013 were issued to replace vesting performance rights that she was entitled to in her previous employment. These performance rights were eligible to vest in three tranches on 20 June 2015, 20 June 2016 and 20 June 2017.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. EXECUTIVE REMUNERATION ARRANGEMENTS (CONTINUED)

3D. Detail of incentive plans (continued)

Long-term incentive ("LTI") (continued)

Who participates?	Executives.
How is LTI delivered?	Performance rights.
What were the performance measures for the 2017 and 2016 financial years?	LTI rights awarded to each executive are subject to a two stage performance test - an absolute and relative test - based on the Group's TSR. Broadly, TSR is the percentage growth achieved from an investment in ordinary shares over the relevant testing period (assuming all dividends are reinvested). The two stage performance measure approach ensures that the LTI plan operates as a key driver for performance whilst also providing an incentive to executives. The absolute test requires the Group to achieve a positive TSR over the testing period. If the TSR is negative over the testing period, then the performance rights lapse. If the TSR is positive over the testing period, the relative test is undertaken, which compares the Group's TSR with the S&P/ASX200 excluding overseas and resource companies ("Comparison Peer Group"). The Comparison Peer Group was chosen to reflect the Group's competitors for both capital and talent. The Group's performance against the Comparison Peer Group measure is determined according to its ranking against the Comparison Peer Group over the performance period. The vesting schedule is as follows:

Target	Conversion ratio of rights to shares available to vest under the TSR performance condition
Below 50th percentile	0%
50th percentile	25%
Between 50th and 62.5th percentile	Pro Rata
62.5th percentile	50%
Between 62.5th and 75th percentile	Pro Rata
75th percentile and above	100%

	The absolute test was introduced to ensure that shareholders and executives are aligned in the goal of absolute wealth creation. The relative test was introduced to provide alignment between comparative shareholder return and reward for executives. The Group considers the suitability of the above performance conditions on an annual basis.
How is performance assessed?	TSR performance is calculated by an independent external advisor at the end of each performance period. Section 9 of this report, titled "Additional disclosures relating to rights and shares", provides details of performance rights granted, vested, exercised and lapsed during the year.

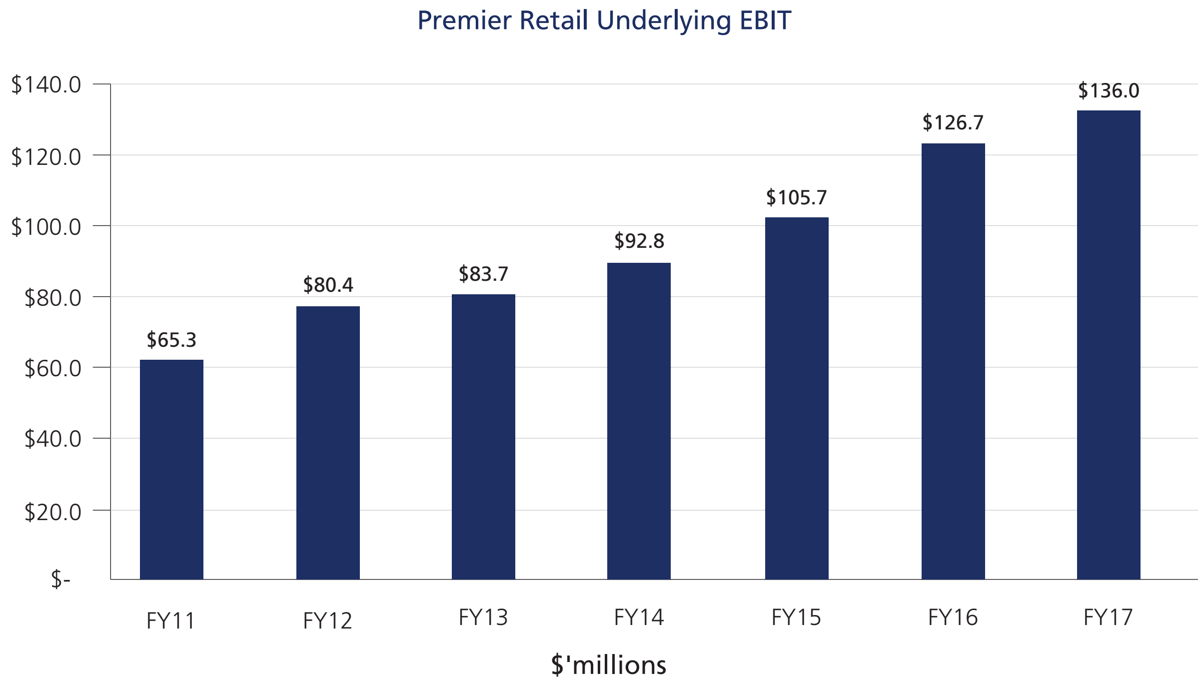
When does the LTI vest?	Generally, the performance rights will vest over a period of three years subject to meeting performance measures. The testing periods for the rights issued to Ms. Garnsey during the 2013 financial year are detailed in section 3D ("Detail of incentive plans") of this report. The performance rights issued in the 2017 and 2016 financial years have no opportunity to re-test.
How are grants treated on termination?	Generally, all outstanding unvested rights are forfeited upon an executive resigning from the Group.
May participants enter into hedging arrangements?	Executives are prohibited from entering into transactions to hedge or limit the economic risk of the securities allocated to them under the LTI scheme, either before vesting or after vesting while the securities are held subject to restriction. Executives are only able to hedge securities that have vested but continue to be subject to a trading restriction and a seven-year lock, with the prior consent of the Board. No employees have any hedging arrangements in place.
Are there restrictions on disposals?	Once rights have been allocated, disposal of performance shares is subject to restrictions whereby Board approval is required to sell shares granted within seven years under the LTI plan.
Do participants receive distributions or dividends on unvested LTI grants?	Participants do not receive distributions or dividends on unvested LTI grants.

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. EXECUTIVE REMUNERATION OUTCOMES (INCLUDING LINK TO PERFORMANCE)

Group performance and its link to STI

STI payment outcomes are primarily driven by Premier Retail's underlying EBIT growth. The following chart shows Premier Retail's underlying EBIT for the seven years since the appointment of Mr. McInnes as CEO Premier Retail.



** FY16 Underlying EBIT represents a comparable 52 week period.*

Note: The term underlying EBIT is not an IFRS defined term. Please refer to page 9 for a reconciliation between underlying EBIT and statutory reported operating profit before tax for the Retail Segment.

Performance compared to STI payments made during the financial years ended 29 July 2017 and 30 July 2016

STI payments to Ms. Garnsey

Ms. Garnsey was provided with an STI payment of $300,000 in both the 2016 and 2017 financial years, in line with the hurdles and qualifiers relating to her STI plan. This included the achievement of Premier Retail underlying EBIT and the achievement of hurdles and qualifiers for specific brands for both the 2015 and 2016 financial years.

STI payment to Mr. Bryce

During the 2017 financial year, an STI payment of $50,000 was paid to Mr. Bryce in line with the hurdles and qualifiers relating to his 2016 financial year STI plan. This included the achievement of Premier Retail underlying EBIT.

Group performance and its link to LTI

The performance measure which drives LTI vesting is dependent on an absolute test, being a positive Group TSR performance and a relative test, being a comparison against the Comparison Peer Group (as defined in section 3D of this report).

The table below illustrates the outcomes of the TSR testing performed during the 2016 and 2017 financial years in relation to KMP:

Testing Period	Share price at start of testing period	Share price at end of testing period	Dividends paid	TSR percentage	TSR percentile	Number of Performance Rights tested for KMP
1 Oct 2012 to 30 Sept 2015	$5.76	$12.85	$1.26 fully franked	155.3%	93rd	95,321
24 Mar 2011 to 3 Apr 2016	$5.91	$16.61	$2.01 fully franked	271.7%	95th	300,000*
19 Jun 2012 to 19 Jun 2016	$4.49	$14.69	$1.70 fully franked	287.2%	97th	80,000
4 Apr 2014 to 4 Apr 2017	$9.95	$13.83	$1.39 fully franked	62.80%	74th	250,000*
19 Jun 2012 to 19 Jun 2017	$4.49	$12.90	$2.21 fully franked	248.70%	90th	80,000

** Relates to Mr. McInnes, refer to section 5 of this report.*

The below chart shows the Premier Total Shareholder Return (TSR) against the S&P/ASX200 Index, from 4 April 2011 to 29 July 2017:

Premier Investments Limited TSR against the ASX200 Index from 4 April 2011 to 29 July 2017

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. REMUNERATION OF CEO PREMIER RETAIL, MR. MCINNES

Mr. McInnes' fixed remuneration

Mr. McInnes' annual fixed remuneration increased from $2,000,000 to $2,500,000, effective from the beginning of the 2016 financial year. This was Mr. McInnes' first increase in fixed remuneration since joining the Group in 2011.

Mr. McInnes' notice period

Upon cessation of his employment, Mr. McInnes is entitled to 12 months' notice ("Notice Period") if he resigns, or is terminated by Premier for any reason other than for serious misconduct, or for conduct otherwise giving rise to an entitlement at law to summarily dismiss ("Terminated Without Cause").

During the Notice Period, Premier may direct Mr. McInnes to continue in his role, perform no duties, reduced duties or alternative duties during the Notice Period, or elect to provide Mr. McInnes with payment in lieu of the Notice Period. The maximum amount of any payment in lieu of the Notice Period based on Mr. McInnes' current fixed remuneration is $2,500,000 gross, less applicable tax.

If Mr. McInnes is terminated for serious misconduct or Premier is otherwise entitled at law to summarily dismiss Mr. McInnes ("Terminated for Cause"), Premier may terminate Mr. McInnes' employment without providing a Notice Period.

Mr. McInnes' STI payments during the financial years ended 29 July 2017 and 30 July 2016

During the 2017 financial year, an STI payment of $2,500,000 was made to Mr. McInnes which primarily reflected the significant growth achieved in Premier Retail's EBIT for the 2016 financial year.

During the 2016 financial year, an STI payment of $2,000,000 was made to Mr. McInnes which primarily reflected the significant growth achieved in Premier Retail's EBIT for the 2015 financial year.

The historical growth in Premier Retail's underlying EBIT is detailed in the graph in section 4 of this report.

Mr. McInnes' STI payment for the 2017 financial year is likely to be a payment based upon the performance target of EBIT growth between 5% and 10% of the Base Year and will be finalised in December 2017.

Mr. McInnes' STI arrangements

Mr. McInnes is entitled to receive a STI if the applicable performance targets and conditions set out below are met.

Calculation of Mr. McInnes' STI is based on growth of Premier Retail EBIT, as compared to the previous financial year ("Base Year"). The relevant performance targets and corresponding STI payment amounts are as follows:

EBIT growth less than 5% of Base Year	No payment.
EBIT growth of 5% of Base Year	$1,250,000.
EBIT growth between 5% and 10% of Base Year	$1,250,000 plus a pro rata payment based on the % of the EBIT growth above 5%, up to a maximum of $2,500,000 for 10% EBIT growth.
EBIT growth of above 10% of Base Year	If Mr. McInnes considers that any additional payment is warranted based on EBIT growth of above 10%, he may make a request for an additional payment to the Chairman of Premier. The Chairman may determine whether or not to make any such payment in his sole and absolute discretion within 30 days of receiving any such request.

The maximum payment that Mr. McInnes may receive under the current STI scheme is $2,500,000, unless the Chairman decides to make an additional payment in his absolute discretion to reward EBIT growth of above 10%. The Chairman has not used such discretion during the 2016 or 2017 financial years.

The Chairman has absolute discretion to make an additional STI payment if Mr. McInnes would not otherwise be entitled to such a payment under the above table.

The amount that Mr. McInnes may receive under the STI scheme in connection with him ceasing employment (for reasons other than being Terminated for Cause) will depend on the financial year in which the Notice Period ends and will be calculated in accordance with the above table (on a pro rata basis for part of a financial year if the Notice Period ends part way through a financial year).

If Mr. McInnes resigns from his employment, or is Terminated Without Cause, he remains entitled to continue participating in the STI scheme until the end of the Notice Period.

This entitlement will not be impacted by any election by Premier to direct Mr. McInnes to continue in his role, to perform no duties, reduced duties or alternative duties during the Notice Period, or to provide Mr. McInnes with a payment in lieu of the Notice Period.

If Mr. McInnes' employment is Terminated for Cause, he is not entitled to participate in the STI scheme for the financial year in which his employment ceases, or any following financial year.

Payment of a STI upon Mr. McInnes' cessation of employment may be considered a termination benefit within the meaning of Part 2D.2 of the Act.

Mr. McInnes' LTI arrangements

Mr. McInnes is entitled to 1,000,000 performance rights split into four equal tranches. The performance rights were granted at no cost to Mr. McInnes and, conditional on the performance hurdles being met, the performance rights will be exercisable at no cost.

Shareholders approved the right of the Group to issue the 1,000,000 performance rights to Mr. McInnes at the 2015 Annual General Meeting of shareholders held on 27 November 2015. The rules pertaining to this grant were approved by shareholders at the Extraordinary General Meeting of shareholders held on 15 June 2016.

The performance rights granted will vest in four equal tranches subject to the achievement of both an absolute and relative TSR test. No value will be received by Mr. McInnes if the performance rights lapse prior to the vesting date.

Each tranche of performance rights will be tested against the TSR performance measure over different testing periods, as follows:

- Tranche A – 4 April 2014 to 4 April 2017 *(Tested, see further details provided in Section 5)*
- Tranche B – 4 April 2014 to 4 April 2018
- Tranche C – 4 April 2014 to 4 April 2019
- Tranche D - 4 April 2014 to 4 April 2020

(each date being a "Vesting Date").

The share price baseline for each tranche is $9.88, which was the volume weighted average share price ("VWAP") of the ordinary shares on ASX for the five trading days prior to 4 April 2014. Premier's TSR will be calculated based on the percentage growth achieved from the share price baseline of $9.88 to the share price on the relevant Vesting Date (calculated by the VWAP of the ordinary shares on ASX for the five trading days prior to the relevant Vesting Date).

The first stage absolute test requires that the TSR over the testing period is positive.

If the TSR is positive, the second stage relative test requires the TSR to be assessed against the relative performance of the Comparison Peer Group.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. REMUNERATION OF CEO PREMIER RETAIL, MR. MCINNES (CONTINUED)

Mr. McInnes' LTI arrangements (continued)

The relative TSR performance targets and the corresponding vesting percentages are as follows:

Target	Conversion ratio of performance rights to shares available to vest under the TSR performance condition:
Below the 50th percentile	0%
50th percentile	25%
Between 50th and 62.5th percentile	Pro rata
62.5th percentile	50%
Between 62.5th and 75th percentile	Pro rata
75th percentile and above	100%

Premier's TSR and ranking within the Comparison Peer Group for each testing period will be assessed by an external independent advisor.

The performance rights under each tranche lapse if the applicable performance hurdles are not met (unless otherwise determined by the Board in its absolute discretion).

If in any year Mr. McInnes has satisfied all performance conditions, other than the TSR being positive, and would otherwise have been entitled to vesting of any performance rights, the Chairman may, in his sole and absolute discretion, elect to enable some or all of the applicable performance rights to vest if circumstances justify such an award.

If Mr. McInnes resigns, or is Terminated Without Cause, he will be entitled to continue to participate in the LTI plan until the end of his Notice Period, regardless of any election by Premier to direct Mr. McInnes to continue in his role, to perform no duties, reduced duties or alternative duties during the Notice Period, or to provide Mr. McInnes with a payment in lieu of the Notice Period.

If Mr. McInnes' employment is Terminated for Cause, he is not entitled to participate in the LTI plan for the financial year in which his employment ceases, or any following financial year.

If Mr. McInnes resigns, or is Terminated Without Cause, and the final day of the Notice Period is within 14 days prior to a Vesting Date, Mr. McInnes remains entitled to have the performance rights tested against the TSR performance measure on the Vesting Date ("Special Vesting").

The Special Vesting terms will be effective regardless of any election by Premier to direct Mr. McInnes to continue in his role, to perform no duties, reduced duties or alternative duties during the Notice Period, or to provide Mr. McInnes with a payment in lieu of the Notice Period.

Provision of a LTI upon Mr. McInnes' cessation of employment may be considered a termination benefit within the meaning of Part 2D.2 of the Act.

Shares issued as a result of vesting of performance rights issued to Mr McInnes for the financial years ended 29 July 2017 and 30 July 2016

During the 2017 financial year, a tranche of 250,000 performance rights (being Tranche A) were tested for the period 4 April 2014 to 4 April 2017. The TSR over this period was 62.80%, placing Premier in the 74th percentile of the Comparison Peer Group. Details of this test have been presented in Section 4 of this report. The testing resulted in 94.7% of the performance rights qualifying for vesting into 236,800 newly issued shares in April 2017.

During the 2016 financial year, a tranche of 300,000 performance rights were tested for the period 24 March 2011 to 3 April 2016. These performance rights were issued to Mr. McInnes on his original appointment in April 2011. The TSR over this period was 271.7% placing Premier in the 95th percentile of the Comparison Peer Group. Details of this test have been presented in Section 4 of this report. The testing resulted in 100% of performance rights qualifying for vesting into 300,000 newly issued shares in April 2016. In addition, 100,000 performance rights vested into 100,000 newly issued shares in March 2016 as a result of the fulfilment of an additional 12 month retention clause on performance rights that were tested for the period 24 March 2011 to 3 April 2015.

Mr. McInnes' post-employment restrictions

If Mr. McInnes resigns, or is Terminated Without Cause, Premier may elect to restrict Mr. McInnes from certain conduct in competition with Premier for a period of either 12 months or 24 months from the end of the Notice Period ("Post-employment Restrictions").

If Premier elects to enforce the Post-employment Restrictions, it is required to provide Mr. McInnes with his total fixed remuneration during the relevant period (up to a maximum period of 24 months). If Premier elects to enforce the Post-employment Restrictions for 24 months, Mr. McInnes would receive a total of $5,000,000 gross, less applicable tax. If Premier elects to enforce the Post-employment Restrictions for 12 months, Mr. McInnes would receive a total of $2,500,000 gross, less applicable tax.

Premier's ability to enforce the Post-employment Restrictions will not be impacted by any election by Premier to direct Mr. McInnes to continue in his role, perform no duties, reduced duties or alternative duties during the Notice Period, or to provide Mr. McInnes with a payment in lieu of the Notice Period.

If Mr. McInnes' employment is Terminated for Cause, Premier may elect to enforce the Post-employment Restrictions from the date on which his employment is terminated (as no Notice Period will be provided).

The payments outlined above may be considered a termination benefit within the meaning of Part 2D.2 of the Act.

Termination benefits

The STI, LTI and Post-employment Restriction payments and benefits outlined above may be considered termination benefits within the meaning of Part 2D.2 of the Act.

At an Extraordinary General Meeting held on 15 June 2016, shareholders approved these potential termination benefits for the purposes of Part 2D.2 of the Act.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. EXECUTIVE SERVICE AGREEMENTS

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

					Termination benefits		
	Start date	**Term of agreement**	**Review period**	**Notice period required from Premier**	**Premier initiated**	**Upon diminution of role**	**Notice period required from employee**
Mr. McInnes	4 April 2011	Open	Annual	12 months	12 months fixed rem. including notice	Nil	12 months fixed rem. including notice
Mr. Bryce *(appointed: 13 December 2016)*	13 Dec 2016	Open	Annual	12 months	12 months fixed rem. including notice	Nil	12 months
Mr. Davis	17 Nov 1993	Open	Annual	3 months	Nil	Nil	3 months
Ms. Garnsey *(ceased: 7 August 2017)*	20 Sep 2012	Open	Annual	12 months	12 months fixed rem. including notice	Nil	12 months

7. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Determination of fees and maximum aggregate Non-Executive Director Remuneration

The Board seeks to set Non-Executive Director fees at a level which provides the Group with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Group’s constitution and the ASX listing rules specify that the Non-Executive Director maximum aggregate remuneration shall be determined from time to time by a general meeting. The most recent determination of this kind was at the 2016 Annual General Meeting held on 2 December 2016 when shareholders approved an aggregate remuneration of an amount not exceeding $1,500,000 per year.

The Chairman of the Group, consistent with his past practice, has declined to accept any remuneration for his role as a director or for his role on any committees.

Fee policy

Non-Executive Director’s fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by Non-Executive Directors who serve on Board committees.

Non-Executive Directors may be reimbursed for expenses reasonably incurred in attending to the Group’s affairs. Non-Executive Directors do not participate in any incentive programs. Premier has not established any schemes for retirement benefits for Non-Executive Directors (other than superannuation).

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

2017		Short-term		Post-employment		Share based		
	Salary/Fee	Cash	Non-Monetary Benefits	Superannuation	Other Post-employment	Long-term incentives	Total	Performance related
	$	$	$	$	$	$	$	%
Non-Executive Directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. T. Antonie	120,000	-	-	-	-	-	120,000	-
Dr. D. Crean	146,119	-	-	13,881	-	-	160,000	-
Mr. L. E. Fox	73,059	-	-	6,941	-	-	80,000	-
Ms. S Herman	91,324	-	-	8,676	-	-	100,000	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. T.L. McCartney	340,000	-	-	-	-	-	340,000	-
Mr. M. R. I. McLeod	83,817	-	-	36,183	-	-	120,000	-
Dr. G. H. Weiss	73,059	-	-	6,941	-	-	80,000	-
Total Non-Executive Directors	**1,007,378**	**-**	**-**	**72,622**	**-**	**-**	**1,080,000**	**-**
Executives								
Mr. M. McInnes	2,470,417	2,500,000[2]	161,200	29,583	-	4,929,541	10,090,741	73.63
Mr. J.S. Bryce	277,959	50,000[2]	-	13,798	-	-	341,757	14.63
Mr. K.F. Davis	480,385	-	-	19,615	-	-	500,000	-
Ms. C. Garnsey	964,111	300,000[2]	291,212	35,864	-	41,036	1,632,223	20.89
Total executives	**4,192,872**	**2,850,000**	**452,412**	**98,860**	**-**	**4,970,577**	**12,564,721**	
TOTAL 2017	**5,200,250**	**2,850,000**	**452,412**	**171,482**	**-**	**4,970,577**	**13,644,721**	

[1] Mr. Lanzer's director's fees were paid to Arnold Bloch Leibler.
[2] Refer to page 25 for further information relating to the STI payment for Mr. McInnes, and to page 23 for information relating to the STI payments for Mr. Bryce and Ms. Garnsey.

Directors' Report continued

REMUNERATION REPORT (AUDITED) (CONTINUED)

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

	Short-term			Post-employment		Share based		
2016	Salary/Fee	Cash	Non-Monetary Benefits	Superannuation	Other Post-employment	Long-term incentives	Total	Performance related
	$	$	$	$	$	$	$	%
Non-Executive Directors								
Mr. S. Lew	-	-	-	-	-	-	-	-
Mr. T. Antonie	114,795	-	-	5,205	-	-	120,000	-
Dr. D. Crean	146,119	-	-	13,881	-	-	160,000	-
Mr. L. E. Fox	73,059	-	-	6,941	-	-	80,000	-
Ms. S Herman	91,325	-	-	8,675	-	-	100,000	-
Mr. H. D. Lanzer[1]	80,000	-	-	-	-	-	80,000	-
Mr. T.L. McCartney	113,333	-	-	-	-	-	113,333	-
Mr. M. R. I. McLeod	91,324	-	-	28,676	-	-	120,000	-
Dr. G. H. Weiss	73,059	-	-	6,941	-	-	80,000	-
Total Non-Executive Directors	**783,014**	**-**	**-**	**70,319**	**-**	**-**	**853,333**	
Executives								
Mr. M. McInnes	2,470,000	2,000,000[2]	166,136	30,000	-	1,578,708	6,244,844	57.31
Mr. K. F. Davis	431,216	-	-	19,308	-	-	450,524	-
Mr. A. Gardner[3]	403,233	-	29,514	14,560	100,000	-	547,307	-
Ms. C. Garnsey	964,480	300,000[2]	230,257	35,545	-	71,412	1,601,694	23.19
Ms. N. Peck	237,162	50,000[4]	-	10,658	-	-	297,820	-
Total executives	**4,506,091**	**2,350,000**	**425,907**	**110,071**	**100,000**	**1,650,120**	**9,142,189**	
TOTAL 2016	**5,289,105**	**2,350,000**	**425,907**	**180,390**	**100,000**	**1,650,120**	**9,995,522**	

[1] Mr. Lanzer's director's fees were paid to Arnold Bloch Leibler.
[2] Refer to page 25 for further information relating to the STI payment for Mr. McInnes, and to page 23 for information relating to the STI payment for Ms. Garnsey.
[3] Mr. Gardner's salary includes an amount of $104,486 which represents accrued untaken leave entitlements on cessation. On cessation of employment, Mr. Gardner was paid $100,000 in consideration for certain post-employment restraints not contained in his original contract.
[4] Ms. Peck received a $50,000 sign-on bonus on commencement of employment.

9. ADDITIONAL DISCLOSURES RELATING TO RIGHTS AND SHARES

a) Rights awarded, vested and lapsed during the year:

The table below discloses the number of performance rights granted to key management personnel (KMP) as remuneration for the financial year ended 29 July 2017, as well as the number of rights vested and lapsed during the year:

		Terms and conditions						Rights vested and lapsed during the year	
2017	**Year granted**	**Rights awarded during the year No.**	**Grant date**	**Fair value per right at grant date $**	**Expiry date**	**First exercise date**	**Last exercise date**	**Rights vested during the year No.**	**Rights lapsed during the year No.**
KMP									
Mr. M. McInnes	2016	-	26 Apr 2016	-	-	4 Apr 2017	-	236,800	13,200
Ms. C. Garnsey	2017	15,923	10 Apr 2017	6.89	1 Oct 2019	1 Oct 2019	-	-	-
	2013	-	18 Apr 2013	-	-	20 Jun 2015	-	80,000	-

b) Value of rights awarded, exercised and lapsed during the year:

2017	Value of rights granted during the year $	Value of rights exercised during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
KMP				
Mr. M. McInnes	-	3,106,816	173,184	48.85
Ms. C. Garnsey	109,709	1,048,000	-	3.06

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

9. ADDITIONAL DISCLOSURES RELATING TO RIGHTS AND SHARES (CONTINUED)

c) Shares issued on exercise of rights:

2017	Shares issued No	Paid per share $	Unpaid per share $
KMP			
Mr. M. McInnes	236,800	-	-
Ms. C. Garnsey	80,000	-	-

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

d) Rights holdings of KMP:

							At 29 July 2017		
2017	**Balance at 30 July 2016**	**Granted as remuneration**	**Rights exercised**	**Rights lapsed**	**Rights forfeited**	**Balance at 29 July 2017**	**Total**	**Exercisable**	**Not exercisable**
KMP									
Mr. M. McInnes	1,000,000	-	(236,800)	(13,200)	-	750,000	750,000	-	750,000
Ms. C Garnsey	80,000	15,923	(80,000)	-	-	15,923	15,923	-	15,923

Rights granted to key management personnel were made in accordance with the provisions of the Group's Performance Rights Plan.

e) Number of Shares held in Premier Investments Limited:

2017	BALANCE 30 JULY 2016 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERFORMANCE RIGHTS PLAN ORDINARY	NET CHANGE - OTHER ORDINARY	BALANCE 29 JULY 2017 ORDINARY
NON-EXECUTIVE DIRECTORS					
Mr. S. Lew *	4,437,699	-	-	-	4,437,699
Mr. T. Antonie	-	-	-	-	-
Dr. D.M. Crean	-	-	-	-	-
Mr. L.E. Fox	2,577,014	-	-	-	2,577,014
Ms. S. Herman	8,000	-	-	-	8,000
Mr. H.D. Lanzer	27,665	-	-	-	27,665
Mr. T.L. McCartney	-	-	-	-	-
Mr. M.R.I. McLeod	28,186	-	-	-	28,186
Dr. G.H. Weiss	6,000	-	-	-	6,000
EXECUTIVES					
Mr. M. McInnes	-	-	236,800	-	236,800
Mr. K.F. Davis	-	-	-	-	-
Mr. J.S. Bryce	-	-	-	-	-
Ms. C. Garnsey	120,000	-	80,000	(40,000)	160,000
TOTAL	**7,204,564**	**-**	**316,800**	**(40,000)**	**7,481,364**

* Mr. Lew is an associate of Century Plaza Investments Pty. Ltd. and Metrepark Pty. Ltd (Associated Entities). The Associated Entities, collectively, have a relevant interest in 59,804,731 (2016: 59,804,731) shares in the company. However, Mr. Lew does not have a relevant interest in the shares in the company held by the Associated Entities.

10. ADDITIONAL DISCLOSURES RELATING TO TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

Details and terms and conditions of other transactions and balances with key management personnel and their related parties

Mr. Lanzer is the managing partner of the legal firm Arnold Bloch Leibler. Group companies use the services of Arnold Bloch Leibler from time to time. Legal services totalling $3,242,483 (2016: $1,905,871), including Mr. Lanzer's Director fees, GST and disbursements were invoiced by Arnold Bloch Leibler to the Group, with $200,314 (2016: $769,000) remaining outstanding at year-end. The fees paid for these services were at arm's length and on normal commercial terms. A significant portion of these fees were related to the one-off litigation expense involving Ms. Peck in 2016. As is the practice with all matters in which the Group engages Arnold Bloch Leibler, Mr. Lanzer was not the responsible partner in relation to this litigation.

REMUNERATION REPORT (AUDITED) (CONTINUED)

10. ADDITIONAL DISCLOSURES RELATING TO TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL (CONTINUED)

Details and terms and conditions of other transactions and balances with key management personnel and their related parties (continued)

Mr. Lanzer is a director of Loch Awe Pty Ltd. During the year, operating lease payments totalling $299,750 (2016: $351,998) including GST was paid to Loch Awe Pty Ltd. The payments were at arm's length and on normal commercial terms.

Mr. Lew is a director of Voyager Distributing Company Pty Ltd and family companies associated with Mr. Lew have a controlling interest in Playcorp Pty Ltd and Sky Chain Trading Limited. During the year, purchases totalling $15,052,592 (2016: $18,648,378) including GST have been made by Group companies from Voyager Distributing Co. Pty Ltd, Playcorp Pty Ltd and Sky Chain Trading Limited, with $788,091 (2016: $969,084) remaining outstanding at year-end. The purchases were all at arm's length and on normal commercial terms.

Mr. Lew is a director of Century Plaza Trading Pty. Ltd. The company and Century Plaza Trading Pty Ltd are parties to a Services Agreement to which Century Plaza Trading agrees to provide certain services to the company to the extent required and requested by the company. The company is required to reimburse Century Plaza Trading for costs it incurs in providing the company with the services under the Service Agreement. The company reimbursed a total of $537,575 (2016: $382,123) costs including GST incurred by Century Plaza Trading Pty Ltd.

Amounts recognised in the financial report at the reporting date in relation to other transactions:

i) *Amounts included within Assets and Liabilities*

	2017 $'000
Current Liabilities	
Trade and other payables	988
	988

ii) *Amounts included within Profit or Loss*

	2017 $'000
Expenses	
Purchases/ Cost of goods sold	13,852
Operating lease rental expense	273
Legal fees	2,998
Other expenses	538
Total expenses	17,661

Independent Auditor's Declaration

8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67
Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

As lead auditor for the audit of Premier Investments Limited for the year ended 29 July 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Premier Investments Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Rob Perry
Partner
3 October 2017

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.

Statement of Financial Position

AS AT 29 JULY 2017 AND 30 JULY 2016

	NOTES	CONSOLIDATED 2017 $'000	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	24	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	24	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	24	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.

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.

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

Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016

1 GENERAL INFORMATION

The financial report contains the consolidated financial statements of the consolidated entity, comprising Premier Investments Limited (the 'parent entity') and its wholly owned subsidiaries ('the Group') for the 52 weeks ended 29 July 2017. The financial report was authorised for issue in accordance with a resolution of the Directors on 3 October 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 and risk management:* Provides information on the Group's capital structure, and summarises the Group's Risk Management policies.

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

(vii) *Other disclosures:* Summarises other disclosures which are required in order to comply with Australian Accounting Standards and other authoritative pronouncements.

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.

(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 26.

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.

Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016 (CONTINUED)

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. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

As at the reporting date the 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.

(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.

Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016 (CONTINUED)

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

(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

Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016 (CONTINUED)

GROUP PERFORMANCE

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
4 REVENUE AND OTHER INCOME		
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.

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.

	NOTES	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
5 EXPENSES			
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**

	CONSOLIDATED	
	2017 $'000	2016 $'000
(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
DEFERRED TAX RELATES TO THE FOLLOWING:		
Foreign currency balances	(610)	(703)
Potential capital gains tax on financial investments	(38,269)	(47,892)
Deferred gains and losses on foreign exchange contracts	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.

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

	CONSOLIDATED	
	2017 $'000	2016 $'000
8 A) DIVIDENDS PAID AND PROPOSED		
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).

	CONSOLIDATED	
	2017 $'000	2016 $'000
8 B) FRANKING CREDIT BALANCE		
The below table provides information about franking credits available for use in subsequent reporting periods:		
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	CONSOLIDATED 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 loans and receivables are derecognised or impaired.

	CONSOLIDATED 2017 $'000	CONSOLIDATED 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

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
11 OTHER ASSETS (CURRENT)		
Deposits and prepayments	11,572	11,694
TOTAL OTHER CURRENT ASSETS	**11,572**	**11,694**
12 TRADE AND OTHER PAYABLES (CURRENT)		
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.

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
13 PROVISIONS		
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**

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.

14 OTHER LIABILITIES

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
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**

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.

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 inflows, 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.

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).

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) income	(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 profit or loss, and the Group's share of other comprehensive income, which is recognised in other comprehensive income 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	**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**

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
(c) FINANCE FACILITIES		
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

	CONSOLIDATED	
	2017 $'000	2016 $'000
20 INTEREST-BEARING LIABILITIES		
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.

	CONSOLIDATED	
	2017 $'000	2016 $'000

21 CONTRIBUTED EQUITY

Ordinary share capital	608,615	608,615

(a) *MOVEMENTS IN SHARES ON ISSUE*

	NO. ('000)	$'000
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.

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

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

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)
Deferred income tax movement on cash flow hedges	2,139	13,495
CLOSING BALANCE	**(15,281)**	**(10,291)**

(c) *PERFORMANCE RIGHTS RESERVE*

Nature and purpose of reserve

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*

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

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
(d) FAIR VALUE RESERVE		
Nature and purpose of reserve		
Reserve is used to record unrealised gains and losses on fair value revaluation of available-for-sale financial assets.		
• *Movements in the reserve*		
Opening balance	-	-
Unrealised loss on revaluation of available-for-sale financial assets	(34,700)	-
Net deferred income tax movement on available-for-sale financial assets	10,522	-
CLOSING BALANCE	**(24,178)**	**-**

	CONSOLIDATED	
	2017 $'000	**2016 $'000**

23 EXPENDITURE COMMITMENTS

OPERATING LEASE EXPENDITURE COMMITMENTS

Payable within one year	100,385	106,663
Payable within one to five years	195,426	195,649
Payable in more than five years	59,288	49,813
TOTAL OPERATING LEASES	**355,099**	**352,125**

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

LEASES ACCOUNTING POLICY

Operating lease payments are recognised as an expense in profit or loss in the statement of comprehensive income 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.

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED	
	2017 $'000	2016 $'000
24 OTHER FINANCIAL INSTRUMENTS		
CURRENT ASSETS		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	181	1,636
TOTAL CURRENT FINANCIAL INSTRUMENTS	**181**	**1,636**
CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	21,651	11,711
TOTAL CURRENT FINANCIAL INSTRUMENTS	**21,651**	**11,711**
NON –CURRENT LIABILITIES		
Derivatives designated as hedging instruments		
Forward currency contracts – cash flow hedges	-	4,479
Interest rate swaps – cash flow hedges	460	-
TOTAL NON-CURRENT FINANCIAL INSTRUMENTS	**460**	**4,479**

(a) DERIVATIVE INSTRUMENTS USED BY THE GROUP

(i) Forward currency contracts – cash flow hedges

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

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and are timed to mature when payments are scheduled to be made. Any gain or loss on the contracts attributable to the hedge risk are recognised in other comprehensive income and accumulated in the hedge reserve in equity.

The cash flows are expected to occur between one to twenty four months from 29 July 2017 and the profit or loss within cost of sales will be affected over the next couple of years as the inventory is sold.

(ii) Interest rate swaps – cash flow hedges

The Group has entered into interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts on certain of its interest-bearing liabilities. These interest rate swap contracts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest rate payments on the loans occur simultaneously. The amount accumulated in the hedge reserve in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

At reporting date, the details of outstanding forward currency contracts are:

	CONSOLIDATED			
	2017 $'000	2016 $'000	2017	2016
Buy USD / Sell AUD	NOTIONAL AMOUNTS $AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	140,230	111,917	0.7217	0.7268
Maturity 6 – 12 months	74,833	98,282	0.7510	0.7170
Maturity 12 – 24 months	-	115,482	-	0.7231
Buy USD / Sell NZD	NOTIONAL AMOUNTS $NZD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	29,844	21,399	0.6562	0.6502
Maturity 6 – 12 months	12,252	21,060	0.7146	0.6502
Maturity 12 – 24 months	-	22,623	-	0.6586
Buy USD / Sell GBP	NOTIONAL AMOUNTS £GBP		AVERAGE EXCHANGE RATE	
Maturity < 6 months	4,854	5,011	1.2877	1.4493
Maturity 6 – 12 months	-	4,791	-	1.3554
Maturity 12 – 24 months	-	5,339	-	1.3299
Buy AUD / Sell NZD	NOTIONAL AMOUNTS $NZD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	5,911	4,400	1.0440	1.0897
Maturity 6 – 12 months	-	2,635	-	1.0937
Maturity 12 – 24 months	-	-	-	-
Buy USD / Sell SGD	NOTIONAL AMOUNTS $SGD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	4,288	3,591	0.7129	0.7199
Maturity 6 – 12 months	-	2,512	-	0.7167
Maturity 12 – 24 months	-	-	-	-

CAPITAL STRUCTURE AND RISK MANAGEMENT

24 OTHER FINANCIAL INSTRUMENTS (CONTINUED)

OTHER FINANCIAL INSTRUMENTS AND HEDGING ACCOUNTING POLICY

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. These 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.

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 highly probable future purchases as well as cash flows 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 through 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 profit or loss 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.

25 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial instruments comprise cash and cash equivalents, derivative financial instruments, available-for-sale financial assets, receivables, payables, bank overdrafts and interest-bearing liabilities.

RISK EXPOSURES AND RESPONSES

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

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include, monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange prices. Liquidity risk is monitored through development of future cash flow forecast projections.

CREDIT RISK

The overwhelming majority of the Group's sales are on cash terms with settlement within 24 hours. As such, the Group's exposure to credit risk is minimal. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

With respect to credit risk arising mainly from cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party.

Credit risk for the Group also arises from financial guarantees that members of the Group act as guarantor. At 29 July 2017, the maximum exposure to credit risk of the Group is the amount guaranteed as disclosed in note 33.

INTEREST RATE RISK

The Group's exposure to market interest rates relates primarily to its cash and cash equivalents that it holds and interest-bearing liabilities.

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

		CONSOLIDATED	
	NOTES	2017 $'000	2016 $'000
Financial Assets			
Cash	19	170,631	283,233
		170,631	283,233
Financial Liabilities			
Bank loans AUD	20	173,475	105,805
		173,475	105,805
NET FINANCIAL (LIABILITIES) ASSETS		**(2,844)**	**177,428**

CAPITAL STRUCTURE AND RISK MANAGEMENT

25 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rates that might impact its interest revenue, interest expense and cash flow. The Group manages this by locking in a portion of its cash and cash equivalents into term deposits. The maturity of term deposits is determined based on the Group's cash flow forecast.

The Group manages its interest rate risk relating to interest-bearing liabilities by having access to both fixed and variable rate debt which can be drawn down. During the year, the Group also entered into interest rate swaps, in which it agreed to exchange, at specific intervals, the difference between fixed and variable interest amounts, calculated on an agreed-upon notional principal amount.

i) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of cash and cash equivalents and interest-bearing liabilities affected. A 100 (2016:100) basis point increase and decrease in Australian interest rates represents management's assessment of the reasonably possible change in interest rates. The table indicates an increase or decrease in the Group's profit before tax.

	POST-TAX PROFIT TO INCREASE (DECREASE) BY:	
Impacts of reasonably possible movements:	**2017 $000**	**2016 $000**
CONSOLIDATED		
+1.0% (100 basis points)	138	1,242
-1.0% (100 basis points)	20	(1,242)

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt in Australian and foreign countries, relationships with financial institutions, the level of debt that is expected to be renewed as well as a review of the last two years' historical movements and economic forecasters' expectations.
- The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months.
- The sensitivity analysis assumes all other variables are held constant, and the change in interest rates take place at the beginning of the financial year and are held constant throughout the reporting period.

FOREIGN OPERATIONS

The Group has operations in Australia, New Zealand, Singapore, Hong Kong, Malaysia, The Republic of Ireland and the United Kingdom. As a result, movements in the Australian Dollar and the currencies applicable to these foreign operations affect the Group's statement of financial position and results from operations. From time to time the Group obtains New Zealand Dollar denominated financing facilities from a financial institution to provide a natural hedge of the Group's exposure to movements in the Australian Dollar and New Zealand Dollar (AUD/NZD) on translation of the New Zealand statement of financial position. In addition, the Group, on occasion, hedges its cash flow exposure to movements in the AUD/NZD. The Group also on occasion, hedges its cash flow exposure in movements in the AUD/SGD and AUD/GBP.

FOREIGN CURRENCY TRANSACTIONS

The Group has exposures to foreign currencies principally arising from purchases by operating entities in currencies other than their functional currency. Approximately 70% of the Group's purchases are denominated in United States Dollar (USD), which is not the functional currency of any Australian entities or any of the foreign operating entities.

The Group considers its exposure to USD arising from the purchases of inventory to be a long-term and ongoing exposure. In order to protect against exchange rate movements, the Group enters into forward exchange contracts to purchase US Dollars. These forward exchange contracts are designated as cash flow hedges that are subject to movements through equity and profit or loss respectively as foreign exchange rates move.

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

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

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

CAPITAL STRUCTURE AND RISK MANAGEMENT

25 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

At reporting date, the Group had the following exposures to movements in the United States Dollar (USD), New Zealand Dollar (NZD), Singapore Dollar (SGD), Pound Sterling (GBP), Hong Kong Dollar (HKD), Malaysian Ringgit (MYR), and Euro (EUR):

2017	**USD**	**NZD**	**SGD**	**GBP**	**HKD**	**MYR**	**EUR**
CONSOLIDATED	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
FINANCIAL ASSETS							
Cash and cash equivalents	98	2,477	1,330	6,194	171	5,001	227
Derivative financial assets	181	-	-	-	-	-	-
	279	2,477	1,330	6,194	171	5,001	227
FINANCIAL LIABILITIES							
Trade and other payables	17,697	2,531	317	722	96	-	-
Derivative financial liabilities	21,651	-	-	-	-	-	-
	39,348	2,531	317	722	96	-	-
NET EXPOSURE	**(39,069)**	**(54)**	**1,013**	**5,472**	**75**	**5,001**	**227**

2016	**USD**	**NZD**	**SGD**	**GBP**	**HKD**	**MYR**	**EUR**
CONSOLIDATED	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
FINANCIAL ASSETS							
Cash and cash equivalents	205	3,024	1,486	2,517	772	1,101	-
Derivative financial assets	1,636	-	-	-	-	-	-
	1,841	3,024	1,486	2,517	772	1,101	-
FINANCIAL LIABILITIES							
Trade and other payables	18,597	2,512	289	176	51	-	-
Derivative financial liabilities	16,190	-	-	-	-	-	-
	34,787	2,512	289	176	51	-	-
NET EXPOSURE	**(32,946)**	**512**	**1,197**	**2,341**	**721**	**1,101**	**-**

FOREIGN CURRENCY RISK

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

	POST-TAX PROFIT HIGHER/(LOWER)		**OTHER COMPREHENSIVE INCOME HIGHER/(LOWER)**	
CONSOLIDATED				
Impacts of reasonably possible movements:	**2017 $000**	**2016 $000**	**2017 $000**	**2016 $000**
CONSOLIDATED				
AUD/USD + 2.5%	4	(58)	646	(5,248)
AUD/USD – 10.0%	189	326	17,665	29,991
AUD/NZD + 2.5%	1	(12)	-	-
AUD/NZD – 10.0%	(6)	57	-	-
AUD/SGD + 2.5%	(25)	(29)	-	-
AUD/SGD –10.0%	113	133	-	-
AUD/GBP + 2.5%	(133)	(57)	-	-
AUD/GBP –10.0%	608	260	-	-
AUD/HKD + 2.5%	(2)	(18)	-	-
AUD/HKD –10.0%	8	80	-	-
AUD/MYR + 2.5%	(122)	(27)	-	-
AUD/MYR –10.0%	556	122	-	-
AUD/EUR + 2.5%	(6)	-	-	-
AUD/EUR –10.0%	25	-	-	-

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

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

CAPITAL STRUCTURE AND RISK MANAGEMENT

25 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

LIQUIDITY RISK

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

The Group has, at reporting date, $34 million (2016: $30 million) cash held in deposit with 11am at call and the remaining $137 million (2016: $254 million) cash held in deposit with maturity terms ranging from 30 to 120 days (2016: 30 to 180 days). Hence management believe there is no significant exposure to liquidity risk at 29 July 2017 and 30 July 2016.

The Group aims to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans with a variety of counterparties.

At reporting date, the remaining undiscounted contractual maturities of the Group's financial liabilities are:

2017 CONSOLIDATED	MATURITY < 6 MONTHS $'000	MATURITY 6 – 12 MONTHS $'000	MATURITY 12 – 24 MONTHS $'000	MATURITY > 24 MONTHS $'000
FINANCIAL LIABILITIES				
Trade and other payables	71,528	-	-	-
Bank loans	-	-	104,475	69,000
Forward currency contracts	166,543	83,616	-	-
	238,071	83,616	104,475	69,000

2016 CONSOLIDATED	MATURITY < 6 MONTHS $'000	MATURITY 6 – 12 MONTHS $'000	MATURITY 12 – 24 MONTHS $'000	MATURITY > 24 MONTHS $'000
FINANCIAL LIABILITIES				
Trade and other payables	72,965	-	-	-
Bank loans	-	-	86,805	19,000
Forward currency contracts	143,932	125,465	140,425	-
	216,897	125,465	227,230	19,000

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Group measures financial instruments, such as derivatives and available-for-sale financial assets, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in either the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, which is accessible to the Group.

In determining the fair value of an asset or liability, the Group uses market observable data, to the extent possible. The fair value of financial assets and financial liabilities is based on market prices (where a market exists) or using other widely accepted methods of valuation.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – the fair value is calculated using quoted price in active markets for identical assets or liabilities.

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

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

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities:

	CONSOLIDATED					
	FINANCIAL YEAR ENDED 29 JULY 2017			FINANCIAL YEAR ENDED 30 JULY 2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	$'000	$'000	$'000	$'000	$'000	$'000
FINANCIAL ASSETS						
Available-for-sale financial assets (listed investments)	67,665	-	-	-	-	-
Foreign Exchange Contracts	-	181	-	-	1,636	-
	67,665	181	-	-	1,636	-
FINANCIAL LIABILITIES						
Foreign Exchange Contracts	-	21,651	-	-	16,190	-
	-	21,651	-	-	16,190	-

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

CAPITAL STRUCTURE AND RISK MANAGEMENT

25 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

At 29 July 2017 and 30 July 2016 the fair values of cash and cash equivalents, short-term receivables and payables approximate their carrying values. The carrying value of interest bearing liabilities is considered to approximate the fair value, being the amount at which the liability could be settled in a current transaction between willing parties.

Foreign exchange contracts and interest rate swaps are initially recognised in the statement of financial position at fair value on the date which the contract is entered into, and subsequently remeasured to fair value. Accordingly, the carrying amounts of forward exchange contracts and interest rate swaps approximate their fair values at the reporting date.

Foreign exchange contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spread between the respective currencies.

Interest rate swaps are measured based on forward interest rates from observable yield curves at the end of the respective reporting period, and contract interest rates, which have been discounted at a rate that incorporates the credit risk of the counterparties.

GROUP STRUCTURE

26 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.

Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 29 JULY 2017 AND THE 53 WEEKS ENDED 30 JULY 2016 (CONTINUED)

GROUP STRUCTURE

27 PARENT ENTITY INFORMATION

The accounting policies of Premier Investments Limited, being the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

	2017 $'000	2016 $'000
(a) Summary financial information		
Statement of financial position		
Current assets	175,062	294,124
Total assets	**1,367,532**	**1,369,030**
Current liabilities	13,016	28,201
Total liabilities	**80,948**	**95,106**
Shareholders' equity		
Issued capital	608,615	608,615
Reserves:		
- Foreign currency translation reserve	2,281	2,982
- Performance rights reserve	12,556	6,346
- Cash flow hedge reserve	(88)	-
Retained earnings	663,220	655,982
Net profit for the period	87,590	75,636
Total comprehensive income (loss) for the period, net of tax	(789)	(70)

(b) Guarantees entered into by the parent entity

The parent entity has provided no financial guarantees in respect of bank overdrafts and loans of subsidiaries (2016: $nil).

The parent entity has also given no unsecured guarantees in respect of finance leases of subsidiaries or bank overdrafts of subsidiaries (2016: $nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 29 July 2017 (2016: $nil).

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

The parent entity did not have any contractual commitments to purchase property, plant and equipment as at 29 July 2017 or 30 July 2016.

GROUP STRUCTURE

28 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, dated 17 December 2016, relief has been granted to certain wholly-owned subsidiaries in the Australian Group from the Corporations law requirements for preparation, audit and lodgement of financial reports.

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

29 RELATED PARTY TRANSACTIONS

(a) PARENT ENTITY AND SUBSIDIARIES

The ultimate parent entity is Premier Investments Limited. Details of subsidiaries are provided in note 26.

(b) KEY MANAGEMENT PERSONNEL

	CONSOLIDATED	
	2017 $	2016 $
COMPENSATION FOR KEY MANAGEMENT PERSONNEL		
Short-term employee benefits	8,502,662	8,065,012
Post-employment benefits	171,482	180,390
Other post-employment benefits	-	100,000
Share-based payments	4,970,577	1,650,120
TOTAL	**13,644,721**	**9,995,522**

Information regarding individual key management personnel compensation, shareholdings of key management personnel, as well as other transactions and balances with key management personnel and their related parties, as required by Regulation 2M.3.03 of the *Corporations Regulations 2001* is provided in the Remuneration Report section of the Directors' Report.

OTHER DISCLOSURES

	CONSOLIDATED	
	2017 $	**2016 $**
30 AUDITOR'S REMUNERATION		
The auditor of Premier Investments Limited is Ernst & Young. Amounts received, or due and receivable, by Ernst & Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group.	529,065	501,138
Other services in relation to the entity and any other entity in the consolidated group:		
- Other non-audit services	143,028	76,125
TOTAL AUDITOR'S REMUNERATION	**672,093**	**577,263**

31 SHARE-BASED PAYMENT PLANS

(a) RECOGNISED SHARE-BASED PAYMENT EXPENSE

	CONSOLIDATED	
	2017 $'000	**2016 $'000**
TOTAL EXPENSE ARISING FROM EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS	**6,210**	**2,264**

(b) TYPE OF SHARE-BASED PAYMENT PLANS

Performance rights

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

A performance right is a right to acquire one fully paid ordinary share of the Company after meeting a three or four year performance period, provided specific performance hurdles are met. The number of performance rights to vest is determined by a vesting schedule based on the performance of the Company. These performance hurdles have been discussed in the Remuneration Report section of the Directors' Report.

The fair value of the performance rights has been calculated as at the respective grant dates using an appropriate valuation technique. The valuation model applied, being either the Black Sholes European option pricing model (for performance rights granted prior to the end of the 2015 financial year) or the Monte-Carlo simulation pricing model (for performance rights granted in the 2016 financial year and onwards) is dependent on the assumptions underlying the performance rights granted to ensure these are appropriately factored into the determination of fair value.

In determining the share-based payments expense for the period, the number of instruments expected to vest has been adjusted to reflect the number of executives expected to remain with the Group until the end of the performance period, as well as the probability of not meeting the Total Shareholder Return ("TSR") performance hurdles.

The following table shows the share-based payment arrangements in existence during the current and prior reporting periods, as well as the factors considered in determining the fair values of the performance rights in existence:

GRANT DATE (DD/MM/YYYY)	NUMBER OF RIGHTS GRANTED	SHARE ISSUE PRICE	OPTION LIFE	DIVIDEND YIELD	VOLATILITY	RISK-FREE RATE	FAIR VALUE
10/05/2011	1,200,000	$6.00	4-5 years	5%	40%	5.10%	$3.00
12/04/2013	304,386	$5.77	3.5 years	5%	40%	2.81%	$2.88
18/04/2013	240,000	$8.40	4.2 years	5%	40%	2.71%	$4.20
11/12/2013	319,493	$8.56	3.8 years	5%	40%	2.98%	$4.28
22/06/2015	169,365	$10.34	2.3 years	5%	40%	1.95%	$10.34
22/06/2015	12,266	$8.56	2.3 years	5%	40%	1.95%	$8.56
24/02/2016	123,647	$12.89	2.6 years	5%	40%	1.75%	$12.89
26/04/2016	1,000,000	$9.88	3-6 years	5.5%	30%	2.06%	$9.96
10/04/2017	120,124	$15.70	2.5 years	5%	30%	1.79%	$6.89

(c) SUMMARY OF RIGHTS GRANTED UNDER PERFORMANCE RIGHTS PLANS

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

	2017 No.	2017 WAEP	2016 No.	2016 WAEP
Balance at beginning of the year	1,627,218	-	1,365,510	-
Granted during the year	120,124	-	1,123,647	-
Forfeited during the year	-	-	(77,553)	-
Exercised during the year (i)	(584,305)	-	(784,386)	-
Expired during the year	(13,200)	-	-	-
Balance at the end of the year	**1,149,837**	**-**	**1,627,218**	**-**

(i) The weighted average share price at the date of exercise of rights exercised during the year was $14.12 (2016: $15.01).

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

(d) WEIGHTED AVERAGE FAIR VALUE

The weighted average fair value of performance rights granted during the year was $6.89 (2016: $10.28).

OTHER DISCLOSURES

31 SHARE-BASED PAYMENT PLANS (CONTINUED)

SHARE-BASED PAYMENT ACCOUNTING POLICIES

The Group provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for 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”).

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 or 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.

KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

The fair value of share-based payment transactions is determined at the grant date using an appropriate valuation model, which takes into account the terms and conditions upon which the instruments were granted to key executives. The terms and conditions require estimates to be made of the number of equity instruments expected to vest, as well as the probabilities of meeting the relevant TSR performance hurdles. These accounting estimates and assumptions would have no impact on the carrying amounts of assets or liabilities within the next annual reporting period, but may impact the share-based payment expense and performance rights reserve within equity.

32 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).

33 CONTINGENT LIABILITIES

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

Directors' Declaration

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of Premier Investments Limited for the financial year ended 29 July 2017 are in accordance with the *Corporations Act 2001*, including:

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

   (ii) giving a true and fair view of the consolidated entity's financial position as at 29 July 2017 and of its performance for the financial year ended on that date, and

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

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

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

The Directors have been given the declaration by the Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the financial year ended 29 July 2017.

On behalf of the Board

Solomon Lew
Chairman

3 October 2017

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent Auditor's Report to the Members of Premier Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Premier Investments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 29 July 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 29 July 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of intangible assets

Why significant	How our audit addressed the key audit matter
As at 29 July 2017 the Group held $853.3 million (or 49% of total assets) in goodwill and indefinite-life brand names recognised from historical business combinations. As explained in Note 16 to the financial report, the goodwill and brand names are tested by the Group for impairment annually. The recoverable amount has been determined based on a value in use model referencing discounted cash flows of the retail segment for goodwill, and the casual wear, women's wear and non-apparel cash generating units (CGUs) for brand names. The model contains estimates and significant judgments regarding future cash flow projections which are critical to the assessment of impairment, particularly planned sales growth in the casual wear and women's wear CGUs and discount rates applied.	In obtaining sufficient audit evidence on the carrying value of goodwill and brand names, involving our valuation specialists, we: ▸ Assessed the application of valuation methodologies applied. ▸ Assessed the key inputs and assumptions within the board approved forecast cashflows, discount rates, relief from royalty rates and sales growth rates adopted in the value in use model. ▸ Considered the historical reliability of the Group's cashflow forecasting process. ▸ Evaluated the determination of CGUs in accordance with Australian Accounting Standards. ▸ Compared the data used in the value in use model to the actual current year and forecast financial performance of the underlying CGUs. ▸ Performed sensitivity analysis on key inputs and assumptions included in the board approved forecast cashflows and impairment models including the discount rates ▸ Compared earnings multiples derived from the Group's value in use model to those observable from external market data of comparable listed entities. ▸ Benchmarked key assumptions used by the Group to the independent views of EY. ▸ Assessed the adequacy of the disclosures included in the financial report.

Independent Auditor's Report continued

Existence and valuation of inventories

Why significant	How our audit addressed the key audit matter
As at 29 July 2017 the Group held $140.8 million in inventories recognised on the consolidated statement of financial position. As detailed in Note 10 to the financial report, inventories are valued at the lower of cost and net realisable value. The cost of finished goods includes a proportion of the purchasing department, as well as freight, handling, and warehouse costs incurred to deliver the goods to the point of sale. The valuation of inventories is a key audit matter as it includes the estimation of inventory provisions, which requires a level of judgment with regard to changing consumer demands and fashion trends. Such judgments include the Group's expectations for future sales and inventory mark downs. The existence of inventories is considered a key audit matter as stock is held at several distribution centres, as well as at over 1,100 retail stores.	In obtaining sufficient audit evidence on the existence and valuation of inventories, we: ▸ Assessed the application of valuation methodologies applied, including recalculating a sample of standard costs. ▸ Assessed and tested the design and operating effectiveness of relevant controls over the determination of standard costs. ▸ Attended store and distribution centre inventory counts on a sample basis and assessed the stock counting process which checked inventory quantity, condition and inventory quality. ▸ Assessed the basis for inventory provisions, including the rationale for recording specific provisions. In doing so we examined the aging profile of inventory, enquired with the Group the process for identifying specific slow-moving inventories, assessed future selling prices and historical loss rates. ▸ Tested the slow-moving inventory reports for accuracy and completeness. ▸ Considered the completeness of inventory provisions by identifying mark down sales at or subsequent to year end, and comparing sale prices against the value of inventories at balance date.

Accounting for the Group's interest in Breville Group

Why significant	How our audit addressed the key audit matter
At 29 July 2017 the Group held a 27.5% stake in the ASX-listed entity Breville Group ("Breville"). As detailed in Note 18 to the financial report, this investment was equity-accounted for under Australian Accounting Standard - AASB 128 *Investments in associates and joint ventures*. At balance date the Group held an equity accounted investment of $216.9 million on the consolidated statement of financial position and an equity accounted profit of $14.8 million contributed to the overall profit after tax of the Group. The Group's accounting for the investment in Breville is considered significant to our audit due to the quantum of the contribution to the Group's result.	In order to gain comfort over the recoverability and valuation of the Group's investment in Breville and the equity accounted profit after tax we: ▸ Enquired with Breville's auditors to discuss the audit procedures they completed including significant areas of audit focus, and subsequent events. ▸ Examined the audit work papers of Breville's auditors for the 30 June 2017 audit prepared in forming their audit opinion over the Breville financial report. ▸ Assessed the audited financial statements of Breville. ▸ Recalculated the equity-investment accounting, including the Group's share of profit and dividends for the year. ▸ Agreed Premier's shareholding to supporting documentation, and monitored ASX announcements for any changes in ownership interest.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 29 July 2017.

In our opinion, the Remuneration Report of Premier Investments Limited for the year ended 29 July 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Rob Perry
Partner
Melbourne
3 October 2017

ASX Additional Shareholder Information

AS AT 25 SEPTEMBER 2017

TWENTY LARGEST SHAREHOLDERS

NAME	TOTAL	% IC	RANK
CENTURY PLAZA INVESTMENTS PTY LTD	51,569,400	32.69%	1
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,125,979	14.66%	2
J P MORGAN NOMINEES AUSTRALIA LIMITED	20,617,050	13.07%	3
CITICORP NOMINEES PTY LIMITED	9,629,946	6.10%	4
METREPARK PTY LTD	8,235,331	5.22%	5
SL SUPERANNUATION NO 1 PTY LTD <SL SUPER FUND NO 1 A/C>	4,437,699	2.81%	6
NATIONAL NOMINEES LIMITED	4,422,494	2.80%	7
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,996,743	1.90%	8
BNP PARIBAS NOMS PTY LTD <DRP>	2,834,901	1.80%	9
LINFOX SHARE INVESTMENT PTY LTD	2,577,014	1.63%	10
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,964,607	1.25%	11
UBS NOMINEES PTY LTD	1,911,259	1.21%	12
ARGO INVESTMENTS LIMITED	1,250,000	0.79%	13
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	1,016,655	0.64%	14
SANDHURST TRUSTEES LTD <HARPER BERNAYS LTD A/C>	735,920	0.47%	15
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	721,840	0.46%	16
MILTON CORPORATION LIMITED	590,321	0.37%	17
MR CON ZEMPILAS	470,000	0.30%	18
DAVID ALAN BULL	356,894	0.23%	19
GRAHGER RETAIL SECURITIES PTY LTD	300,000	0.19%	20
TOTAL FOR TOP 20:	**139,764,053**	**88.59%**	

SUBSTANTIAL SHAREHOLDERS

NAME	TOTAL UNITS	% IC
CENTURY PLAZA INVESTMENTS PTY LTD AND ASSOCIATES	58,552,420	42.43%
PERPETUAL LIMITED AND ITS SUBSIDIARIES	22,027,776	14.02%
AIRLIE FUNDS MANAGEMENT PTY LTD	11,076,792	7.03%
AUSTRALIANSUPER PTY LTD	7,890,706	5.01%

DISTRIBUTION OF EQUITY SHAREHOLDERS

	1 TO 1,000	1,001 TO 5,000	5,001 TO 10,000	10,001 TO 100,000	100,001 TO (MAX)	TOTAL
Holders	5,655	2,810	372	202	31	9,070
Ordinary Fully Paid Shares	2,232,288	6,442,586	2,727,511	4,558,175	141,788,206	157,748,766

The number of investors holding less than a marketable parcel of 38 securities ($13.40 on 25 September 2017) is 244 and they hold 2,680 securities.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

Corporate Directory

A.C.N. 006 727 966

DIRECTORS
Mr. Solomon Lew *(Chairman)*
Dr. David M. Crean *(Deputy Chairman)*
Mr. Timothy Antonie *(Lead Independent Director)*
Mr. Lindsay E. Fox
Ms. Sally Herman
Mr. Henry D. Lanzer
Mr. Terrence L. McCartney
Mr. Mark McInnes
Mr. Michael R.I. McLeod
Dr. Gary H. Weiss

COMPANY SECRETARY
Mr. Kim Davis

REGISTERED OFFICE
Level 53
101 Collins Street
Melbourne Victoria 3000
Telephone (03) 9650 6500
Facsimile (03) 9654 6665

WEBSITE

www.premierinvestments.com.au

EMAIL

info@premierinvestments.com.au

AUDITOR
Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

SHARE REGISTER AND SHAREHOLDER ENQUIRIES
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Telephone (03) 9415 5000

LAWYERS
Arnold Bloch Leibler
Level 21
333 Collins Street
Melbourne Victoria 3000
Telephone (03) 9229 9999

About this report

This report has been printed on Sovereign Silk and Sun Art Matt and are both elemental chlorine free.

Sovereign Silk is FSC certified derived from well-managed forests and controlled sources. Both stocks are manufactured by an ISO 14001 certified mill.

The printer is also ISO 9001 and ISO 14001 accredited.

These certifications specify the requirements for a quality and environmental management system.

Designed and produced by walterwakefield.com.au


Just
Jeans