PREMIER INVESTMENTS LIMITED

ABN 64 006 727 966

Appendix 4E – Preliminary Final Report

The information is given under ASX Listing Rule 4.3A

Reporting periods

Current Reporting Period:	**29 July 2018 to 27 July 2019 (52 weeks)**
Previous Corresponding Period:	**30 July 2017 to 28 July 2018 (52 weeks)**

Results for announcement to the market

	2019 $'000	2018 $'000	% change
Revenue from Ordinary Activities	**1,275,553**	**1,189,040**	**+7.28%**
Profit from ordinary activities after tax attributable to members	**106,807**	**83,638**	**+27.70%**
Net profit for the period attributable to members	**106,807**	**83,638**	**+27.70%**

Dividends	**Amount per security**	**Franked amount per security**
Final Dividend	37.0 cents	37.0 cents
Interim Dividend	33.0 cents	33.0 cents

Record date for determining entitlements to the final dividend: 28 October 2019

Brief explanation of the figures reported above to enable the figures to be understood:

The prior financial year profit after tax of $83.6 million included a non-cash impairment expense of $30 million in relation to an impairment write down of the Group's intangible assets.

As a result of the continued economic and political uncertainty in the United Kingdom (UK), and the impact of these uncertainties on the landlord and retail markets in particular, the Group reviewed its depreciation methods for its UK store plant and equipment. As part of the Group's lease agreements in this region, shorter term break options were negotiated for the majority of leases, giving the Group the economic advantage to renegotiate and reassess its UK leases in an environment with traditionally longer term leases. The Group has reassessed its depreciation methods and useful life of store assets in this region in line with the earlier of contracted shorter term break options or lease end dates, given the uncertainty of the useful life of these store assets beyond these dates. The changed method resulted in an accelerated depreciation charge in the current financial year of $21.0 million. Other expenses associated with the Group's review of its UK lease break options amounted to $4.8 million (refer note 15).

For further information refer to the Financial Statements for the 52 weeks ended 27 July 2019 accompanying this preliminary final report, together with the Investor Presentation.

Dividends

Date the final dividend is payable	15 November 2019
Record date to determine entitlements to the final dividend	28 October 2019

a) Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final Dividend			
Current period	37.0 cents	37.0 cents	Nil
Previous corresponding period	33.0 cents	33.0 cents	Nil

	Current Reporting Period	Previous Corresponding Period
Total Dividend (interim *plus* final)		
Ordinary securities	70.0 cents	62.0 cents

b) Final dividend on all securities

	Current Reporting Period $'000	Previous Corresponding Period $'000
Ordinary securities	58,619	52,201
Preference securities	-	-
Total	**58,619**	**52,201**

c) Dividend reinvestment plans in operation

The last date(s) for receipt of election notices for the dividend plans	Not Applicable
Any other disclosures in relation to dividends:	
The dividend reinvestment plan does not apply to the final dividend.	

Net tangible assets

	Current Reporting Period	Previous Corresponding Period
Net tangible assets per ordinary security	$3.30	$3.28

Control gained or lost over entities having a material effect

Not Applicable

Associates and joint venture entities

Name of Associate Entity	Current Reporting Period		Previous Corresponding Period	
	Ownership Interest in Associate (%)	Share of Net Profit After Tax $'000	Ownership Interest in Associate (%)	Share of Net Profit After Tax $'000
Breville Group Limited *(Company incorporated in Australia)*	28.06%	$18,906	27.5%	$16,087

Other Information

Foreign Entities – accounting standards:

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

Commentary:

This report should be read in conjunction with the attached financial statements for the 52 weeks ended 27 July 2019. The attached financial statements do not contain a full set of disclosures as required by IFRS.

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

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MARINDA MEYER
COMPANY SECRETARY
20 September 2019

PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

APPENDIX 4E

FINANCIAL STATEMENTS

FOR THE PERIOD 29 JULY 2018 TO 27 JULY 2019

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 JULY 2019 AND 28 JULY 2018

	NOTES	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Revenue from contracts with customers	4	1,270,958	1,182,221
Other revenue	4	4,108	5,626
Total revenue		1,275,066	1,187,847
Other income	4	487	1,193
Total revenue and other income		1,275,553	1,189,040
Changes in inventories of finished goods		(484,380)	(443,907)
Employee expenses		(302,642)	(282,813)
Operating lease rental expense	5	(224,393)	(222,978)
Depreciation, impairment and amortisation of non-current assets	5	(52,315)	(58,904)
Advertising and direct marketing		(15,896)	(15,234)
Finance costs	5	(7,687)	(7,551)
Other expenses		(55,404)	(49,775)
Total expenses		(1,142,717)	(1,081,162)
Share of profit of associate	18	18,906	16,087
Profit from continuing operations before income tax		151,742	123,965
Income tax expense	6	(44,935)	(40,327)
Net profit for the period attributable to owners		**106,807**	**83,638**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net (loss) gain on cash flow hedges	22	(7,937)	33,343
Foreign currency translation	22	2,936	5,214
Net movement in other comprehensive income of associates	22	1,424	1,424
Income tax on items of other comprehensive income	6	2,381	(10,003)
Other comprehensive (loss) income which may be reclassified to profit or loss in subsequent periods, net of tax		**(1,196)**	**29,978**
Items not to be reclassified subsequently to profit or loss			
Net fair value gain (loss) on listed equity investment	22	6,192	(26,978)
Income tax on items of other comprehensive income	6	(1,857)	7,913
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of tax		**4,335**	**(19,065)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS		**109,946**	**94,551**
Earnings per share from continuing operations attributable to the ordinary equity holders of the parent:			
- basic, profit for the year (cents per share)	7	67.51	52.97
- diluted, profit for the year (cents per share)	7	67.19	52.64

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

STATEMENT OF FINANCIAL POSITION

AS AT 27 JULY 2019 AND 28 JULY 2018

		CONSOLIDATED	
	NOTES	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	19	190,255	178,618
Trade and other receivables	9	23,011	21,563
Inventories	10	171,165	159,313
Other financial instruments		6,119	11,973
Other current assets	11	14,688	15,323
Total current assets		405,238	386,790
Non-current assets			
Property, plant and equipment	15	210,855	238,167
Intangible assets	16	826,639	825,949
Deferred tax assets	6	40,380	36,637
Listed equity investment at fair value	17	46,879	40,687
Investment in associate	18	238,732	223,184
Total non-current assets		1,363,485	1,364,624
TOTAL ASSETS		**1,768,723**	**1,751,414**
LIABILITIES			
Current liabilities			
Trade and other payables	12	81,938	84,558
Income tax payable		12,571	9,947
Provisions	13	23,881	19,234
Other current liabilities	14	26,529	21,629
Total current liabilities		144,919	135,368
Non-current liabilities			
Interest-bearing liabilities	20	167,493	175,684
Deferred tax liabilities	6	63,875	63,933
Provisions	13	11,465	2,040
Other financial instruments		2,548	425
Other non-current liabilities	14	29,137	29,030
Total non-current liabilities		274,518	271,112
TOTAL LIABILITIES		**419,437**	**406,480**
NET ASSETS		**1,349,286**	**1,344,934**
EQUITY			
Contributed equity	21	608,615	608,615
Reserves	22	(10,858)	(16,009)
Retained earnings		751,529	752,328
TOTAL EQUITY		**1,349,286**	**1,344,934**

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

STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 27 JULY 2019 AND 28 JULY 2018

	NOTES	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,397,331	1,303,577
Payments to suppliers and employees (inclusive of GST)		(1,209,685)	(1,120,075)
Interest received		3,919	3,702
Borrowing costs paid		(7,892)	(7,232)
Income taxes paid		(44,859)	(46,121)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19(b)	**138,814**	**133,851**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from listed equity investment		-	1,769
Dividends received from investment in associate		12,654	11,267
Payment for trademarks		(714)	(859)
Purchase of investments		(7,872)	-
Proceeds from disposal of property, plant and equipment		-	326
Payment for property, plant and equipment		(19,618)	(53,172)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(15,550)**	**(40,669)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividends paid		(104,483)	(88,468)
Proceeds from borrowings		173,000	107,000
Repayment of borrowings		(181,000)	(105,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(112,483)**	**(86,468)**
NET INCREASE IN CASH HELD		**10,781**	**6,714**
Cash at the beginning of the financial year		178,618	170,631
Net foreign exchange difference		856	1,273
CASH AT THE END OF THE FINANCIAL YEAR	19(a)	**190,255**	**178,618**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 JULY 2019 AND 28 JULY 2018

	CONSOLIDATED							
	CONTRIBUTED EQUITY $'000	CAPITAL PROFITS RESERVE $'000	PERFORMANCE RIGHTS RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	FAIR VALUE RESERVE $'000	RETAINED PROFITS $'000	TOTAL $'000
At 29 July 2018	608,615	464	15,734	8,059	2,977	(43,243)	752,328	1,344,934
Restatement on initial application of AASB 15	-	-	-	-	-	-	(3,123)	(3,123)
Restated balance as at 29 July 2018	608,615	464	15,734	8,059	2,977	(43,243)	749,205	1,341,811
Net profit for the period	-	-	-	-	-	-	106,807	106,807
Other comprehensive income	-	-	-	(5,556)	4,360	4,335	-	3,139
Total comprehensive income for the period	**-**	**-**	**-**	**(5,556)**	**4,360**	**4,335**	**106,807**	**109,946**
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	2,012	-	-	-	-	2,012
Dividends paid	-	-	-	-	-	-	(104,483)	(104,483)
Balance as at 27 July 2019	**608,615**	**464**	**17,746**	**2,503**	**7,337**	**(38,908)**	**751,529**	**1,349,286**
At 30 July 2017	608,615	464	12,556	(15,281)	(3,661)	(24,178)	757,158	1,335,673
Net profit for the period	-	-	-	-	-	-	83,638	83,638
Other comprehensive income	-	-	-	23,340	6,638	(19,065)	-	10,913
Total comprehensive income for the period	**-**	**-**	**-**	**23,340**	**6,638**	**(19,065)**	**83,638**	**94,551**
Transactions with owners in their capacity as owners:								
Performance rights issued	-	-	3,178	-	-	-	-	3,178
Dividends paid	-	-	-	-	-	-	(88,468)	(88,468)
Balance as at 28 July 2018	**608,615**	**464**	**15,734**	**8,059**	**2,977**	**(43,243)**	**752,328**	**1,344,934**

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

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 27 July 2019.

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 Group has presented the content and structure of its financial report in a manner to improve and clarify the presentation of financial information. The financial report is presented 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 29 July 2018 to 27 July 2019.

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 listed equity investments at fair value, which have been measured at fair value as explained in the relevant accounting policies throughout the notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated, as the Company is a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(b) 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 24.

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.

(c) COMPARATIVE AMOUNTS

The current reporting period, 29 July 2018 to 27 July 2019, represents 52 weeks and the comparative reporting period is from 30 July 2017 to 28 July 2018 which also represents 52 weeks. From time to time, management may change prior year comparatives to reflect classifications applied in the current year.

(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) 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.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(f) 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.

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.

(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 the parent entity 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 the parent entity at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the weighted average exchange rates for the period. Exchange variations resulting from the translations are recognised in the foreign currency translation reserve in equity.

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

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

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

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

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

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

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(i) 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, described below:

AASB 15 Revenue from Contracts with Customers: The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 29 July 2018 which has superseded AASB 118 *Revenue*. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for the transfer of goods to the customer.

In accordance with the transition provisions in AASB 15, the Group has adopted AASB 15 using the modified retrospective approach. The impact of adopting the standard on the Group's financial statements has been adjusted in opening retained earnings in the Statement of Changes in Equity as at 29 July 2018. Therefore, the comparative information was not restated and continues to be reported under AASB 118 and related Interpretations.

For the majority of retail sales (including online sales and concession sales), the adoption of AASB 15 does not have a material impact on the Group's revenue and Comprehensive Income. Revenue recognition occurs at the point in time when control of the asset is transferred to the customer, generally at the point of sale or on delivery of the goods.

The impact of adopting AASB 15 has been noted in the customer's right of return, customer loyalty programmes and gift card breakage. The effects of adopting AASB 15 as at 29 July 2018 are described below.

1) Right of return

Under AASB 15, the Group estimates the value of expected customer returns that will arise as a result of the Group's returns policy, which entitles the customer to a refund of returned unused products within the specified timeframe for the respective brands. At the same time, the Group recognises a right of return asset, being the former carrying amount of the inventory, less any expected costs to recover the goods the Group expects to be returned by customers as a result of the returns policy. Prior to the adoption of AASB 15, no right of return provision was recognised by the Group.

The impact of transition to AASB 15 on the statement of financial position as at 29 July 2018 was to recognise a right of return asset in trade and other receivables of $0.7 million, recognise a refund liability of $2.0 million in provisions, an increase in deferred tax assets of $0.4 million and a decrease in retained earnings of $0.9 million.

2) Customer loyalty programmes

The Group operates certain loyalty programmes, which allow customers to accumulate points when products are purchased, and which can be redeemed for free or discounted product once a minimum number of points have been accumulated. Prior to the adoption of AASB 15, a portion of the consideration received from the sale of goods was allocated to the loyalty programme according to the fair value of points issued and recognised in deferred revenue in trade and other payables until the earlier of redemption or expiry. Under AASB 15, loyalty points give rise to a separate performance obligation providing a material right to the customer, therefore a portion of the transaction price is allocated to the loyalty programme based on the relative stand-alone selling prices, resulting in a larger impact on deferred revenue than previously recognised.

As a consequence of transition to AASB 15, the contract liability in relation to the customer loyalty programmes at 29 July 2018 has increased by $2.4 million in other current liabilities, with a corresponding increase in deferred tax assets of $0.7 million and a decrease in retained earnings of $1.7 million.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(i) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

AASB 15 Revenue from Contracts with Customers (continued)

3) Gift cards

The Group recognises a contract liability upon the sale of gift cards and subsequently derecognises the liability when gift card breakage occurs. Prior to the adoption of AASB 15, gift card breakage was calculated according to the Group's analysis of historical non-redemption rates. Upon adoption of AASB 15, gift card breakage is estimated and recognised as revenue in proportion to the pattern of rights exercised by customers. On expiry of the gift card, any unused funds are recognised in full as breakage. Whilst the Group's accounting treatment remains materially consistent, the adoption of AASB 15 as at 29 July 2018 has resulted in an increase of $0.7 million of other current liabilities, an increased deferred tax asset of $0.2 million and a decrease in retained earnings of $0.5 million.

The following table summarises the impact of adopting AASB 15 on the Group's Statement of Financial Position on adoption at 29 July 2018 for each of the line items affected:

	CONSOLIDATED		
	AASB 118 (PREVIOUS STANDARD) $'000	ADJUSTMENTS $'000	AASB 15 (ADOPTED STANDARD) $'000
ASSETS			
Trade and other receivables	21,563	715	22,278
Deferred tax assets	36,637	1,338	37,975
TOTAL ASSETS	**1,751,414**	**2,053**	**1,753,467**
LIABILITIES			
Provisions (current)	19,234	2,088	21,322
Other current liabilities	21,629	3,088	24,717
TOTAL LIABILITIES	**406,480**	**5,176**	**411,656**
NET ASSETS	**1,344,934**	**(3,123)**	**1,341,811**
EQUITY			
Retained earnings	752,328	(3,123)	749,205
TOTAL EQUITY	**1,344,934**	**(3,123)**	**1,341,811**

There was no material impact on the Group's Statement of Comprehensive Income and Statement of Cash Flows for the 52 weeks ended 27 July 2019. The impact on opening asset and liability values as disclosed in the above table have been incorporated in the changes in relevant assets and liabilities in the reconciliation of net cash flows from operating activities, as disclosed in Note 19(b).

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 27 July 2019, are outlined below:

AASB Interpretation 23 Uncertainty over Income Tax Treatments: The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *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.

2 OTHER SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(i) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Accounting Standards and Interpretations issued but not yet effective (continued)

AASB 16 Leases: AASB 16 *Leases* is effective for the Group from 28 July 2019. The Standard will replace AASB 117 *Leases* and related Interpretations*.* The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. AASB 16 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, if the practical expedients were applied. Under the Standard, the present value of reasonably certain lease payments 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 largely be replaced with amortisation and interest expense.

The Group will transition to the new Standard using the modified retrospective approach, with no restatement of comparative information. The Group expects to be able to provide supplementary information in investor presentations in the period of initial application to bridge the financial statement disclosures between the old and new standard.

In applying the modified retrospective approach, the Group expects to apply a number of practical expedients, which include the use of hindsight in determining the lease term where the contract contains an option to extend, discount rates applied to a portfolio of leases with similar characteristics, and non-lease components will not be separated out from lease components of a lease.

The Group is continuing its assessment of the estimated impact that AASB 16 has on its consolidated financial statements as at 28 July 2019. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on the composition of the Group's lease portfolio, the extent to which the Group chooses to use all available practical expedients and recognition exemptions, final discount rates used in calculating the lease liability and final determination of the reasonably certain lease terms for leases with options and leases in holdover. An indicative range of the lease liability on adoption of the new standard is set out below, allowing for these uncertainties. The actual financial impact on the results for the year ending 25 July 2020 will be dependent on the final determination of these highly judgemental areas and will also be contingent on any new leases entered into during the financial year.

Estimated impact on consolidated Statement of Financial Position as at 28 July 2019:

	CONSOLIDATED		
	ESTIMATED IMPACT RANGE		
	$'000	TO	$'000
Lease Liability	390,000	to	440,000

The overall impact on the consolidated statement of cashflows as a result of adopting AASB 16 is expected to be nil, as operating lease payments will continue to be paid as previously, however, the cash outflow will largely be reclassified to financing activities rather than operating activities.

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 investment 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 27 July 2019 and 28 July 2018.

GROUP PERFORMANCE

3 OPERATING SEGMENTS (CONTINUED)

(A) OPERATING SEGMENTS

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
REVENUE AND OTHER INCOME								
Revenue from contracts with customers	1,270,958	1,182,221	-	-	-	-	1,270,958	1,182,221
Interest revenue	270	106	3,616	3,526	-	-	3,886	3,632
Other revenue	184	195	98,038	82,799	(98,000)	(81,000)	222	1,994
Other income	487	1,193	-	-	-	-	487	1,193
Total revenue and other income	1,271,899	1,183,715	101,654	86,325	(98,000)	(81,000)	1,275,553	1,189,040
Total revenue per the statement of comprehensive income							**1,275,553**	**1,189,040**
RESULTS								
Depreciation and amortisation	29,945	27,910	994	994	-	-	30,939	28,904
United Kingdom accelerated depreciation	21,021	-	-	-	-	-	21,021	-
Impairment of property plant and equipment	355	-	-	-	-	-	355	-
Impairment of intangible asset brand names	-	-	-	30,000	-	-	-	30,000
Interest expense	5,603	5,467	2,084	2,084	-	-	7,687	7,551
Share of profit of associate	-	-	18,906	16,087	-	-	18,906	16,087
Profit before income tax expense	**135,762**	**142,484**	**113,980**	**62,481**	**(98,000)**	**(81,000)**	**151,742**	**123,965**
Income tax expense							(44,935)	(40,327)
Net profit after tax per the statement of comprehensive income							**106,807**	**83,638**

	RETAIL		INVESTMENT		ELIMINATION		CONSOLIDATED	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
ASSETS AND LIABILITIES								
Segment assets	515,217	552,218	1,308,263	1,260,913	(54,757)	(61,717)	1,768,723	1,751,414
Segment liabilities	309,573	308,458	111,636	106,637	(1,772)	(8,906)	419,437	406,189
Capital expenditure	25,457	45,854	-	4,927	-	-	25,457	50,781

GROUP PERFORMANCE

3 OPERATING SEGMENTS (CONTINUED)

(B) GEOGRAPHIC AREAS OF OPERATION

	AUSTRALIA 2019 $'000	NEW ZEALAND 2019 $'000	ASIA 2019 $'000	EUROPE 2019 $'000	ELIMINATION 2019 $'000	CONSOLIDATED 2019 $'000
REVENUE AND OTHER INCOME						
Revenue from contracts with customers	938,052	130,402	78,562	123,942	-	1,270,958
Other revenue and income	4,377	10	166	42	-	4,595
Total revenue and other income	**942,429**	**130,412**	**78,728**	**123,984**	**-**	**1,275,553**
Segment non-current assets	1,355,983	10,828	9,738	29,455	37,194	1,443,198
Capital expenditure	14,250	3,424	387	7,396	-	25,457

	AUSTRALIA 2018 $'000	NEW ZEALAND 2018 $'000	ASIA 2018 $'000	EUROPE 2018 $'000	ELIMINATION 2018 $'000	CONSOLIDATED 2018 $'000
REVENUE AND OTHER INCOME						
Revenue from contracts with customers	873,814	124,005	57,820	126,582	-	1,182,221
Other revenue and income	6,682	135	-	2	-	6,819
Total revenue and other income	**880,496**	**124,140**	**57,820**	**126,584**	**-**	**1,189,040**
Segment non-current assets	1,263,789	8,233	8,363	46,292	37,947	1,364,624
Capital expenditure	33,123	103	2,522	15,033	-	50,781

GROUP PERFORMANCE

	CONSOLIDATED	
	2019 $'000	2018 $'000
4 REVENUE AND OTHER INCOME		
REVENUE		
Revenue from contracts with customers	1,270,958	1,182,221
Disaggregated revenue from contracts with customers is presented in Note 3B, *Operating Segments – Geographic areas of operation.*		
OTHER REVENUE		
Membership program fees	179	190
Sundry revenue	43	35
Interest received	3,886	3,632
Dividends received from listed equity investment	-	1,769
TOTAL OTHER REVENUE	4,108	5,626
TOTAL REVENUE	**1,275,066**	**1,187,847**
OTHER INCOME		
Royalty and licence fees	86	127
Other	401	1,066
TOTAL OTHER INCOME	487	1,193
TOTAL REVENUE AND OTHER INCOME	**1,275,553**	**1,189,040**

REVENUE RECOGNITION ACCOUNTING POLICY

As summarised in note 2, the Group has adopted AASB 15 *Revenue from Contracts with Customers* as of 29 July 2018. The Group adopted AASB 15 using the modified retrospective approach, with the impact of adopting the standard on the Group's financial statements being adjusted in opening retained earnings in the Statement of Changes in Equity.

For the majority of retail sales, including online sales and concession sales, the adoption of AASB 15 has not had a material impact on the Group's revenue and Other Comprehensive Income. Revenue recognition occurs at the point in time when control of the asset is transferred to the customer, generally at the point of sale or on delivery of the goods.

The impact of the adoption of AASB 15 has been noted in the areas of right of return, customer loyalty programmes and revenue resulting from gift cards. Refer to note 2 for a summary of the accounting treatment and policies prior to, and subsequent to the adoption of AASB 15 in these impacted areas.

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

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

GROUP PERFORMANCE

	NOTES	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
5 EXPENSES			
OPERATING LEASE EXPENSES			
Minimum lease payments – operating leases		178,335	180,089
Contingent rentals		46,058	42,889
TOTAL OPERATING LEASE EXPENSES		**224,393**	**222,978**
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS			
Depreciation of property, plant and equipment	15	30,914	28,880
United Kingdom accelerated depreciation of plant and equipment	15	21,021	-
Impairment of property, plant and equipment	15	355	-
Amortisation of leasehold premiums	16	25	24
Impairment of intangible asset brand names	16	-	30,000
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS		**52,315**	**58,904**
FINANCE COSTS			
Interest on bank loans and overdraft		7,687	7,551
TOTAL FINANCE COSTS		**7,687**	**7,551**
OTHER EXPENSES INCLUDE:			
Foreign exchange losses		153	989
Net loss on disposal of property, plant and equipment		728	176
United Kingdom – other expenses associated with review of lease break options	15	4,837	-

GROUP PERFORMANCE

	CONSOLIDATED	
	2019 $'000	**2018 $'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	47,530	40,680
Adjustment in respect of current income tax of previous years	1,065	(77)
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	(3,660)	2,371
Adjustments in respect of current income tax of previous years	-	(2,647)
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF COMPREHENSIVE INCOME	**44,935**	**40,327**
(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	(2,381)	10,003
Net deferred income tax on unrealised gain (loss) on listed equity investment at fair value	1,857	(7,913)
INCOME TAX (BENEFIT) EXPENSE REPORTED IN EQUITY	**(524)**	**2,090**
(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	151,742	123,965
At the Parent Entity's statutory income tax rate of 30% (2018: 30%)	45,523	37,190
Adjustment in respect of current income tax of previous years	1,065	(2,814)
Expenditure not allowable for income tax purposes	2,700	10,965
Effect of different rates of tax on overseas income	(574)	(3,368)
Income not assessable for tax purposes	(3,717)	(1,037)
Other	(62)	(609)
AGGREGATE INCOME TAX EXPENSE	**44,935**	**40,327**

GROUP PERFORMANCE

	CONSOLIDATED	
	2019 $'000	2018 $'000
6 INCOME TAX (CONTINUED)		
(d) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
DEFERRED TAX RELATES TO THE FOLLOWING:		
Foreign currency balances	634	630
Potential capital gains tax on financial investments	(35,087)	(32,794)
Deferred gains and losses on financial instruments	(1,083)	(3,464)
Inventory provisions	498	290
Deferred income	11,113	12,572
Employee provisions	6,707	6,302
Other receivables and prepayments	(2,831)	(1,902)
Property, plant and equipment	(4,935)	(6,346)
Other	1,489	(2,584)
NET DEFERRED TAX LIABILITIES	**(23,495)**	**(27,296)**
REFLECTED IN THE STATEMENT OF FINANCIAL POSITION AS FOLLOWS:		
Deferred tax assets	40,380	36,637
Deferred tax liabilities	(63,875)	(63,933)
NET DEFERRED TAX LIABILITIES	**(23,495)**	**(27,296)**

INCOME TAX ACCOUNTING POLICY

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

Current income tax

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

Deferred income tax

Deferred income tax is recognised on taxable temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes based on the expected manner of recovery of the carrying value of an asset or liability. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

INCOME TAX ACCOUNTING POLICY (CONTINUED)

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

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

Deferred income tax assets are recognised for all taxable temporary differences, except for the following:

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

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

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

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

Tax consolidation

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

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

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

GROUP PERFORMANCE

6 INCOME TAX (CONTINUED)

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

	CONSOLIDATED	
	2019 $'000	2018 $'000

7 EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

	2019 $'000	2018 $'000
Net profit for the period	106,807	83,638

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	158,209	157,890
- diluted earnings per share	158,969	158,897

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

EARNINGS PER SHARE ACCOUNTING POLICY

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

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

GROUP PERFORMANCE

8 A) DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
DIVIDENDS PAID		
Declared and paid during the year:		
Interim franked dividends for 2019:		
33 cents per share (2018: 29 cents)	52,282	45,849
Final franked dividends for 2018:		
33 cents per share (2017: 27 cents)	52,201	42,619
TOTAL DECLARED AND PAID DURING THE YEAR	**104,483**	**88,468**
DIVIDENDS PROPOSED		
Final franked dividend proposed for 2019:		
37 cents per share (2018: 33 cents)	58,619	52,201

The Directors of Premier Investments Limited declared a final dividend in respect of the 2019 financial year. The total amount of the dividend is $58,619,000 (2018: $52,201,000) which represents a fully franked dividend of 37 cents per share (2018: 33 cents per share).

8 B) FRANKING CREDIT BALANCE

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
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% (2018: 30%)	208,467	215,483
franking credits that will arise from the payment of income tax payable as at the end of the financial year	6,965	4,848
franking debits that will arise from the payment of dividends as at the end of the financial year	(25,122)	(22,360)
TOTAL FRANKING CREDIT BALANCE	**190,310**	**197,971**

The tax rate at which paid dividends have been franked is 30% (2018: 30%). Dividends proposed will be franked at the rate of 30% (2018: 30%).

OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2019 $'000	2018 $'000
9 TRADE AND OTHER RECEIVABLES (CURRENT)		
Sundry debtors	23,011	21,563
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**23,011**	**21,563**

(a) Impairment losses

Receivables are non-interest-bearing and are generally on 30 to 60 day terms. An allowance for credit losses is recognised based on the expected credit loss from the time the financial asset is initially recognised. Bad debts are written off when identified. No material allowance for credit losses has been recognised by the Group during the financial year ended 27 July 2019 (2018: $nil). During the year, no bad debt expense (2018: $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 allowance for any expected credit losses.

	CONSOLIDATED	
	2019 $'000	2018 $'000
10 INVENTORIES		
Finished goods	171,165	159,313
TOTAL INVENTORIES AT COST	**171,165**	**159,313**

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	
	2019 $'000	2018 $'000
11 OTHER ASSETS (CURRENT)		
Deposits and prepayments	14,688	15,323
TOTAL OTHER CURRENT ASSETS	**14,688**	**15,323**
12 TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	35,281	43,282
Other creditors and accruals	46,657	41,276
TOTAL CURRENT TRADE AND OTHER PAYABLES	**81,938**	**84,558**

(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	
	2019 $'000	2018 $'000
13 PROVISIONS		
CURRENT		
Employee entitlements – Annual Leave	12,518	12,020
Employee entitlements – Long Service Leave	8,159	7,214
Provision for make-good in relation to store assets	695	-
Refund liability	2,088	-
Other provisions	421	-
TOTAL CURRENT PROVISIONS	**23,881**	**19,234**
NON-CURRENT		
Employee entitlements – Long Service Leave	2,285	2,040
Provision for make-good in relation to store assets	5,392	-
Other provisions	3,788	-
TOTAL NON-CURRENT PROVISIONS	**11,465**	**2,040**

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.

OPERATING ASSETS AND LIABILITIES

13 PROVISIONS (CONTINUED)

PROVISIONS ACCOUNTING POLICIES (CONTINUED)

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.

PROVISION FOR MAKE-GOOD IN RELATION TO STORE PLANT AND EQUIPMENT ACCOUNTING POLICY

A provision has been recognised in relation to make-good costs arising from contractual obligations in lease agreements, in regions where the Group has such a present obligation. The provision recognised represents the present value of the estimated expenditure required to remove these store plant and equipment.

OPERATING ASSETS AND LIABILITIES

	CONSOLIDATED	
	2019 $'000	2018 $'000
14 OTHER LIABILITIES		
CURRENT		
Deferred income	26,529	21,629
TOTAL CURRENT	**26,529**	**21,629**
NON-CURRENT		
Deferred income	29,137	29,030
TOTAL NON-CURRENT	**29,137**	**29,030**

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.

Unredeemed gift cards are expected to be redeemed within a year.

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 27 JULY 2019						
Cost	21,953	54,720	482,337	343	9,977	569,330
Accumulated depreciation and impairment	-	(4,497)	(353,635)	(343)	-	(358,475)
NET CARRYING AMOUNT	**21,953**	**50,223**	**128,702**	**-**	**9,977**	**210,855**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	21,953	51,591	152,553	-	12,070	238,167
Additions	-	-	23,612	-	1,845	25,457
Transfers between classes	-	-	3,938	-	(3,938)	-
Depreciation	-	(1,368)	(29,546)	-	-	(30,914)
United Kingdom accelerated depreciation	-	-	(21,021)	-	-	(21,021)
Disposals	-	-	(1,631)	-	-	(1,631)
Impairment	-	-	(355)	-	-	(355)
Exchange differences	-	-	1,152	-	-	1,152
Carrying amount at end of the financial year	**21,953**	**50,223**	**128,702**	**-**	**9,977**	**210,855**
AT 28 JULY 2018						
Cost	21,953	54,720	455,266	343	12,070	544,352
Accumulated depreciation and impairment	-	(3,129)	(302,713)	(343)	-	(306,185)
NET CARRYING AMOUNT	**21,953**	**51,591**	**152,553**	**-**	**12,070**	**238,167**
RECONCILIATIONS:						
Carrying amount at beginning of the financial year	21,953	52,959	134,667	-	4,799	214,378
Additions	-	-	40,225	-	10,556	50,781
Transfers between classes	-	-	3,285	-	(3,285)	-
Depreciation	-	(1,368)	(27,512)	-	-	(28,880)
Disposals	-	-	(502)	-	-	(502)
Exchange differences	-	-	2,390	-	-	2,390
Carrying amount at end of the financial year	**21,953**	**51,591**	**152,553**	**-**	**12,070**	**238,167**

CAPITAL INVESTED

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

LAND AND BUILDINGS

The land and buildings with a combined carrying amount of $72,176,000 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 systematic 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 useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Depreciation methods used reflect the pattern in which the asset's future economic benefits are expected to be consumed and are reviewed at least at each financial year-end. Adjustments to depreciation methods are made when considered necessary and are accounted for as a change in accounting estimate, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

As a result of the continued economic and political uncertainty in the United Kingdom, and the impact of these uncertainties on the landlord and retail markets in particular, the Group reviewed its depreciation methods for its United Kingdom store plant and equipment. As part of the Group's lease agreements in this region, shorter term break options were negotiated for the majority of leases, giving the Group the economic advantage to renegotiate and reassess its United Kingdom leases in an environment with traditionally longer term leases. The Group has reassessed its depreciation methods and useful life of store assets in this region in line with the earlier of contracted shorter term break options or lease end dates, given the uncertainty of the useful life of these store assets beyond these dates. The changed method resulted in an accelerated depreciation charge in the current financial year of $21.0 million. Other expenses associated with the Group's review of its United Kingdom lease break options amounted to $4.8 million and has been disclosed as "other expenses" (refer note 5).

Assuming the assets are held until the end of their estimated useful lives, depreciation of the Group in future years in relation to these assets will increase/ decrease by the following amounts:

Year ending July 2020:	$3.8 million increase
Year ending July 2021:	$1.8 million increase
Year ending July 2022:	$1.4 million decrease

CAPITAL INVESTED

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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. These value-in-use calculations use cash flow projections based on financial budgets approved by management, covering a five year period, using a post-tax discount rate of 10.5% (2018: 10.5%).

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.

An impairment loss of $355,000 was recognised during the current financial year (2018: $nil).

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 27 JULY 2019					
As at 28 July 2018 net of accumulated amortisation and impairment	477,085	346,179	2,638	47	825,949
Trademark registrations	-	-	713	-	713
Amortisation	-	-	-	(25)	(25)
Exchange differences	-	-	-	2	2
As at 27 July 2019 net of accumulated amortisation and impairment	**477,085**	**346,179**	**3,351**	**24**	**826,639**
AS AT 27 JULY 2019					
Cost (gross carrying amount)	477,085	376,179	3,351	979	857,594
Accumulated amortisation and impairment	-	(30,000)	-	(955)	(30,955)
NET CARRYING AMOUNT	**477,085**	**346,179**	**3,351**	**24**	**826,639**
YEAR ENDED 28 JULY 2018					
As at 30 July 2017 net of accumulated amortisation and impairment	477,085	376,179	1,777	73	855,114
Trademark registrations	-	-	861	-	861
Amortisation	-	-	-	(24)	(24)
Impairment of brand names	-	(30,000)	-	-	(30,000)
Exchange differences	-	-	-	(2)	(2)
As at 28 July 2018 net of accumulated amortisation and impairment	**477,085**	**346,179**	**2,638**	**47**	**825,949**
AS AT 28 JULY 2018					
Cost (gross carrying amount)	477,085	376,179	2,638	977	856,879
Accumulated amortisation and impairment	-	(30,000)	-	(930)	(30,930)
NET CARRYING AMOUNT	**477,085**	**346,179**	**2,638**	**47**	**825,949**

GOODWILL ACCOUNTING POLICY

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing.

CAPITAL INVESTED

16 INTANGIBLES (CONTINUED)

GOODWILL ACCOUNTING POLICY (CONTINUED)

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

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

OTHER INTANGIBLE ASSETS (excluding goodwill) ACCOUNTING POLICY

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired in a business combination are initially recognised at fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

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

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

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the asset's value-in-use and fair value less costs of disposal. Value-in use refers to an asset's value based on the expected future cash flows arising from its continued use, discounted to present value using a post-tax discount rate that reflect current market assessments of the risks specific to the asset.

If an asset does not generate largely independent cash 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, which is also an operating segment for the Group.

The recoverable amount of the CGU has been determined based upon a value-in-use calculation, using cash flow projections as at July 2019 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 2020 financial year and are projected for a further four years based on estimated growth rates of 2.5% (2018: 2.4%). As part of the annual impairment test for goodwill, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow projections as well as future growth objectives.

Cash flows beyond the five year period are extrapolated using a growth rate of 2.8% (2018: 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 9.7% (2018: 10.0%). 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 and adjusted for risks specific to the CGU.

Management has considered the reasonably possible changes in expected sales growth, forecast Earnings Before Interest, Tax and Amortisation (EBITA) and discount rates applied to the CGU to which goodwill relates, 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 - $158,975
- 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 2020 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 2020 financial year and are projected for a further four years based on estimated growth rates.

CAPITAL INVESTED

16 INTANGIBLES (CONTINUED)

IMPAIRMENT TESTING OF BRAND NAMES (CONTINUED)

The extrapolated growth rates at which cash flows have been projected 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 2.8% (2018: 3%), which reflects the long-term growth expectation beyond the five year projection.

CGU	*AVERAGE GROWTH RATES APPLIED TO PROJECTED CASH FLOWS*
Casual wear	2% to 2.5%
Women's wear	1% to 3.5%
Non Apparel	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% (2018: 8.7%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and cost of capital specific to the asset and adjusted for risks specific to the CGU.

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% (2018: 3.5% and 8%).

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 reasonably possible adverse change in these key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU's to exceed its recoverable amount.

In the 2018 financial year, an impairment expense of $30 million was recognised in relation to brand names within the Casual Wear CGU group with a historical carrying value of $112.2 million. The impairment expense decreased the carrying value to $82.2 million, being its recoverable amount at 28 July 2018. In the 2019 financial year, a number of sensitivities have been performed in relation to reasonably possible adverse changes in sales growth rates relating to these brand names within the Casual Wear CGU group. The sensitivities included reducing sales growth rates by 1%. This reasonably possible adverse change in sales growth rates could lead to the brand carrying value approximating its recoverable value.

CAPITAL INVESTED

	CONSOLIDATED	
	2019 $'000	2018 $'000
17 LISTED EQUITY INVESTMENT AT FAIR VALUE		
INVESTMENT		
Investment in listed securities at fair value	46,879	40,687
TOTAL INVESTMENTS	**46,879**	**40,687**

FAIR VALUE LISTED EQUITY INVESTMENT ACCOUNTING POLICY

The listed equity investment comprises a non-derivative equity instrument not held for trading and relates to an equity investment in Myer Holdings Limited. The Group has made the irrevocable election to designate the listed equity investment as 'fair value through other comprehensive income', as it is not held for trading, with only dividends recognised in profit or loss. Accordingly, the investment is accounted for at fair value through other comprehensive income, without subsequent reclassification of gains or losses nor impairment to profit or loss.

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

	CONSOLIDATED	
	2019 $'000	2018 $'000
18 INVESTMENT IN ASSOCIATE		
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	223,184	216,940
Acquisition of shares in associate	7,872	-
Share of profit after income tax	18,906	16,087
Share of other comprehensive income	1,424	1,424
Dividends received	(12,654)	(11,267)
TOTAL INVESTMENT IN ASSOCIATE	**238,732**	**223,184**

Breville Group Limited

As at 27 July 2019, Premier Investments Limited holds 28.06% (2018: 27.5%) of Breville Group Limited ("BRG"), a company incorporated in Australia whose shares are quoted on the Australian Securities Exchange. The principal activities of BRG involves the innovation, development, marketing and distribution of small electrical appliances.

As at 27 July 2019, the fair value of the Group's interest in BRG as determined based on the quoted market price was $691,666,245 (2018: $407,380,401).

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 $18,905,536 (2018: $16,086,873).

The financial year end date of BRG is 30 June. For the purpose of applying the equity method of accounting, the financial statements of BRG for the year ended 30 June 2019 have been used. The accounting policies applied by BRG in their financial statements materially conform to those used by the Group for like transactions and events in similar circumstances.

CAPITAL INVESTED

18 INVESTMENT IN ASSOCIATE (CONTINUED)

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

EXTRACT OF BRG'S STATEMENT OF FINANCIAL POSITION	30 JUNE 2019 $'000	30 JUNE 2018 $'000
Current assets	367,988	315,705
Non-current assets	141,779	129,644
Total assets	509,767	445,349
Current liabilities	(143,400)	(108,801)
Non-current liabilities	(56,032)	(53,313)
Total liabilities	(199,432)	(162,114)
NET ASSETS	310,335	283,235
Group's share of BRG net assets	**87,068**	**77,861**

EXTRACT OF BRG'S STATEMENT OF COMPREHENSIVE INCOME	30 JUNE 2019 $'000	30 JUNE 2018 $'000
Revenue	759,967	652,348
Profit after income tax	67,385	58,519
Other comprehensive income	6,839	5,181
Group's share of BRG profit after income tax	**18,906**	**16,087**

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

19 NOTES TO THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Cash at bank and in hand	59,426	47,020
Short-term deposits	130,829	131,598
TOTAL CASH AND CASH EQUIVALENTS	**190,255**	**178,618**

(b) RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATIONS

	2019 $'000	2018 $'000
Net profit for the period	106,807	83,638
Adjustments for:		
Amortisation	25	24
Depreciation	51,935	28,880
Impairment and write-off of non-current assets	355	30,000
Foreign exchange losses	153	989
Share of profit of associate	(18,906)	(16,087)
Dividends received from listed equity investment	-	(1,769)
Borrowing costs	(191)	209
Net loss on disposal of property, plant and equipment	728	176
Share-based payments expense	2,012	3,178
Gross movement in cash flow hedge reserve	(5,556)	23,340
Net exchange differences	1,925	2,954
Changes in assets and liabilities:		
(Increase) decrease in trade and other receivables	(733)	2,119
Decrease (increase) in other current assets	635	(3,751)
Increase in inventories	(11,852)	(18,558)
Decrease (increase) in other financial assets	5,854	(11,792)
(Increase) decrease in deferred tax assets	(4,262)	7,048
Increase in provisions	5,897	81
(Decrease) increase in deferred tax liabilities	(58)	5,146
(Decrease) increase in trade and other payables	(2,620)	13,030
Increase (decrease) in other financial liabilities	2,123	(21,686)
Increase in deferred income	1,919	14,671
Increase (decrease) in income tax payable	2,624	(7,989)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**138,814**	**133,851**

CAPITAL STRUCTURE AND RISK MANAGEMENT

19 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) FINANCE FACILITIES

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Working capital and bank overdraft facility		
Used	-	-
Unused	11,800	11,800
	11,800	11,800
Finance facility		
Used	168,000	176,000
Unused	61,000	53,000
	229,000	229,000
Bank guarantee facility		
Used	-	51
Unused	200	149
	200	200
Interchangeable facility		
Used	7,588	7,790
Unused	5,412	5,210
	13,000	13,000
Total facilities		
Used	175,588	183,841
Unused	78,412	70,159
TOTAL	**254,000**	**254,000**

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	
	2019 $'000	2018 $'000
20 INTEREST-BEARING LIABILITIES		
NON-CURRENT		
Bank loans* unsecured	98,493	106,684
Bank loans ** secured	69,000	69,000
TOTAL INTEREST-BEARING LIABILITIES	**167,493**	**175,684**

* 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, and is repayable in full in January 2022. 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, and is repayable in full in 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.

(c) *Changes in interest-bearing liabilities arising from financing activities*

	CONSOLIDATED			
	28 JULY 2018 $'000	CASH FLOWS	OTHER $'000	27 JULY 2019 $'000
Non-current interest-bearing liabilities	175,684	(8,000)	(191)	167,493
TOTAL INTEREST-BEARING LIABILITIES	**175,684**	**(8,000)**	**(191)**	**167,493**

'Other' includes the effect of the amortisation of the capitalised borrowing costs, which are amortised over the life of the facility.

INTEREST-BEARING LIABILITIES ACCOUNTING POLICY

Interest-bearing liabilities are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

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

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

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED	
	2019 $'000	2018 $'000
21 CONTRIBUTED EQUITY		
Ordinary share capital	608,615	608,615

	NO. ('000)	$'000
(a) MOVEMENTS IN SHARES ON ISSUE		
Ordinary shares on issue 29 July 2018	158,099	608,615
Ordinary shares issued during the year (i)	331	-
Ordinary shares on issue at 27 July 2019	**158,430**	**608,615**
Ordinary shares on issue 30 July 2017	157,748	608,615
Ordinary shares issued during the year (i)	351	-
Ordinary shares on issue at 28 July 2018	**158,099**	**608,615**

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

(i) A total of 330,112 ordinary shares (2018: 350,978) were issued in relation to the performance rights plan.

(b) CAPITAL MANAGEMENT

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

The capital structure of the Group consists of debt which includes interest-bearing borrowings, cash and cash equivalents and equity attributable to the equity holders of Premier Investments Limited, comprising of contributed equity, reserves and retained earnings.

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

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

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

(c) EXTERNALLY IMPOSED CAPITAL REQUIREMENTS

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

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

CAPITAL STRUCTURE AND RISK MANAGEMENT

	CONSOLIDATED	
	2019 $'000	2018 $'000
22 RESERVES		
RESERVES COMPRISE:		
Capital profits reserve	464	464
Foreign currency translation reserve (a)	7,337	2,977
Cash flow hedge reserve (b)	2,503	8,059
Performance rights reserve (c)	17,746	15,734
Fair value reserve (d)	(38,908)	(43,243)
TOTAL RESERVES	**(10,858)**	**(16,009)**

(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*

	2019 $'000	2018 $'000
Opening balance	2,977	(3,661)
Foreign currency translation of overseas subsidiaries	2,936	5,214
Net movement in associate entity's reserves	1,424	1,424
CLOSING BALANCE	**7,337**	**2,977**

(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*

	2019 $'000	2018 $'000
Opening balance	8,059	(15,281)
Net (loss) gain on cash flow hedges	(18,024)	21,370
Transferred to statement of financial position/ profit or loss	10,087	11,973
Deferred income tax movement on cash flow hedges	2,381	(10,003)
CLOSING BALANCE	**2,503**	**8,059**

CAPITAL STRUCTURE AND RISK MANAGEMENT

22 RESERVES (CONTINUED)

(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.

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
- *Movements in the reserve*		
Opening balance	15,734	12,556
Performance rights expense for the year	2,012	3,178
CLOSING BALANCE	**17,746**	**15,734**

(d) *FAIR VALUE RESERVE*

Nature and purpose of reserve

Reserve is used to record unrealised gains and losses on fair value revaluation of listed equity investment at fair value.

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
- *Movements in the reserve*		
Opening balance	(43,243)	(24,178)
Unrealised gain (loss) on revaluation of listed investment at fair value	6,192	(26,978)
Net deferred income tax movement on listed equity investment at fair value	(1,857)	7,913
CLOSING BALANCE	**(38,908)**	**(43,243)**

23 EXPENDITURE COMMITMENTS

OPERATING LEASE EXPENDITURE COMMITMENTS

	CONSOLIDATED 2019 $'000	CONSOLIDATED 2018 $'000
Payable within one year	116,517	114,149
Payable within one to five years	172,491	228,593
Payable in more than five years	15,961	61,091
TOTAL OPERATING LEASES	**304,969**	**403,833**

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.

GROUP STRUCTURE

24 SUBSIDIARIES

The consolidated financial statements include that of Premier Investments Limited (ultimate parent entity) and the subsidiaries listed in the following table. (* Indicates not trading as at the date of this report)

	COUNTRY OF INCORPORATION	2019 INTEREST	2018 INTEREST
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%	100%
Smiggle International Pty Limited *	Australia	100%	100%
Smiggle Singapore Pte Ltd	Singapore	100%	100%
Just Group International HK Limited*	Hong Kong	100%	100%
Smiggle HK Limited	Hong Kong	100%	100%
Just Group USA Inc.*	USA	100%	100%
Peter Alexander USA Inc.*	USA	100%	100%
Smiggle USA Inc.*	USA	100%	100%
Just UK International Limited*	UK	100%	100%
Smiggle UK Limited	UK	100%	100%
Peter Alexander UK Limited*	UK	100%	100%
Smiggle Ireland Limited	Ireland	100%	100%
Smiggle Netherlands B.V.*	Netherlands	100%	100%
ETI Holdings Limited*	New Zealand	100%	100%
Roskill Hill 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%

OTHER DISCLOSURES

25 EVENTS AFTER THE REPORTING DATE

The Directors of Premier Investments Limited declared a final dividend in respect of the 2019 financial year. The total amount of the dividend is $58,619,000 (2018: $52,201,000) which represents a fully franked dividend of 37 cents per share (2018: 33 cents per share).

26 CONTINGENT LIABILITIES

The Group has bank guarantees and outstanding letters of credit totalling $7,587,926 (2018: $7,790,046).