33-Rules 4.3A

Appendix 4E

Preliminary final report
Current Reporting Period: Year ended 30 June 2005
Previous Corresponding Period: Year ended 30 June 2004

Name of entity

PREMIER INVESTMENTS LIMITED
ABN 64 006 727 966

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

1. Reporting periods

Financial year ended ("Current period")	Financial year ended ("Previous corresponding period")
30 June 2005	**30 June 2004**

2. For announcement to the market

	Current period **A$'000**	Previous corresponding period **A$'000**	% Change Increase/(decrease)	Amount Increase/(decrease) **A$'000**
Key information				
2.1 Revenues from ordinary activities	26,511	22,511	17.77%	4,000
2.2 Profit from ordinary activities after tax attributable to members	9,601	5,047	90.23%	4,554
2.3 Net profit for the period attributable to members	9,601	5,047	90.23%	4,554

2.4 Dividends (distributions)				Amount per security	Franked amount per security
Final dividend	**2.5**	Record Date Date Payable	4 October 2005 18 October 2005	7.5 cents	7.5 cents
Interim dividend		Paid	14 April 2004	3.0 cents	3.0 cents

+ See chapter 19 for defined terms.

3. Statement of financial performance

Please refer to the attached financial statements for the year ended 30 June 2005.

4. Statement of financial position

Please refer to the attached financial statements for the year ended 30 June 2005.

5. Statement of cash flows

Please refer to the attached financial statements for the year ended 30 June 2005.

6. Dividends

Date the dividend is payable	18 October 2005
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	4 October 2005

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	7.5 cents	7.5 cents	Nil
	Previous year	4.0 cents	4.0 cents	Nil

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	10.5 cents	5.5 cents
Preference +securities	Nil	Nil

Preliminary final report - final dividend on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities	6,764	3,607
Preference +securities	-	-
Total	6,764	3,607

+ See chapter 19 for defined terms.

7. Dividend reinvestment plans

The +dividend plans shown below are in operation.

Not Applicable

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

8. Statement of retained earnings

Please refer to the Attached Financial Statements for the year ended 30 June 2005.

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$5.19	$4.80

10. Control gained over entities having material effect

There were no gain or loss of control of any entities during the year ended 30 June 2005.

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

Not Applicable

12. Other significant information

Please refer to the Attached Financial Statements for the year ended 30 June 2005.

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

Not applicable

+ See chapter 19 for defined terms.

14. Commentary

The consolidated entity experienced a significant percentage increase in operating profit for the year from $5.047million to $9.601 million. This increase was due to higher returns from investments and a slightly lower interest charge.

The Directors have resolved that a fully franked final dividend be declared of 7.5 cents per share. Accordingly the dividend for the year has been increased from 5.5 cents per share to 10.5 cents per share (fully franked).

More importantly, there has been further capital appreciation of $32 million in the net value of the company's investment portfolio, making a total revaluation gain of $177 million in the last three years since 2002. Although the increase for the full year is approximately $70 million less than the increase recorded in the half-year result at 31 December 2004, due to subsequent sharemarket fluctuations, the Board of Premier Investments Limited maintain confidence in the long term prospects of our investments in both Coles Myer Limited and Housewares International Limited.

The company's net tangible asset backing at 30 June 2005 is $5.19 per share (2004: $4.80 per share) but it should be noted that there is a contingent liability of $39.4 million ($0.44 per share) in the event of the disposal of the investment portfolio at the balance date values.

15. Compliance statement

This report should be read in conjuction with the attached financial statements for the year ended 30th June 2005. The attached financial statements are in the process of being audited.

KIM DAVIS
Digitally signed by KIM DAVIS
DN: cn=KIM DAVIS, c=AU, o=PREMIER INVESTMENTS LIMITED, email=kdavis@centuryplaza.com.au
Reason: I am the author of this document
Date: 2005.08.31 17:40:19 +10'00'

Sign here: .... Date 31 August 2005
Company Secretary

Print name: KIM DAVIS

PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Parent	
		2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Revenues from ordinary activities	2	**26,511**	22,511	**25,945**	37,192
Borrowing costs expense	2	**(16,233)**	(16,664)	**(15,666)**	(16,180)
Other expenses from ordinary activities		**(677)**	(800)	**(678)**	(13,115)
Profit from ordinary activities before income tax expense		**9,601**	5,047	**9,601**	7,897
Income tax expense relating to ordinary activities	3	**-**	-	**-**	-
Profit from ordinary activities after income tax expense		**9,601**	5,047	**9,601**	7,897
Net profit		**9,601**	5,047	**9,601**	7,897
Net profit attributable to members of the parent entity		**9,601**	5,047	**9,601**	7,897
Net increase in asset revaluation reserve	14	**31,796**	112,920	**31,796**	112,920
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		**31,796**	112,920	**31,796**	112,920
Total changes in equity other than those resulting from transactions with owners as owners, attributable to members of the parent entity		**41,397**	117,967	**41,397**	120,817
Basic and diluted earnings per share	24	**10.64**	5.60		

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

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005

	Note	Consolidated		Parent	
		2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Current Assets					
Cash assets	20(a)	**30,209**	26,667	**14,886**	13,920
Receivables	5	**135**	114	**67**	59
Other	6	**1,394**	1,662	**19**	19
Total Current Assets		**31,738**	28,443	**14,972**	13,998
Non-Current Assets					
Other financial assets	7	**686,767**	654,970	**749,736**	717,939
Property, plant & equipment	8	**-**	-	**-**	-
Total Non-Current Assets		**686,767**	654,970	**749,736**	717,939
Total Assets		**718,505**	683,413	**764,708**	731,937
Current Liabilities					
Payables	9	**14**	12	**14**	12
Interest-bearing liabilities	10	**6**	-	**6**	-
Provisions	11	**48**	48	**48**	48
Total Current Liabilities		**68**	60	**68**	60
Non-Current Liabilities					
Interest-bearing liabilities	12	**250,000**	250,000	**296,203**	298,524
Total Non-Current Liabilities		**250,000**	250,000	**296,203**	298,524
Total Liabilities		**250,068**	250,060	**296,271**	298,584
Net Assets		**468,437**	433,353	**468,437**	433,353
Equity					
Contributed equity	13	**205,149**	205,149	**205,149**	205,149
Reserves	14	**314,835**	283,039	**314,371**	282,575
Accumulated losses	15	**(51,547)**	(54,835)	**(51,083)**	(54,371)
Total Equity		**468,437**	433,353	**468,437**	433,353

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Parent	
		2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Cash flows from operating activities					
Receipts from customers		**-**	-	**-**	-
Payments to suppliers and employees		**(676)**	(787)	**(676)**	(787)
Interest received		**1,274**	1,121	**720**	619
Dividends received		**25,216**	21,377	**25,216**	21,377
Borrowing costs		**(15,965)**	(17,152)	**(15,666)**	(16,180)
Net cash flows from operating activities	20(c)	**9,849**	4,559	**9,594**	5,029
Cash flows from investing activities					
Proceeds from disposal of controlled entity		**-**	-	**-**	15,165
Advancements repaid		**-**	3,789	**-**	-
Net cash flows from investing activities		**-**	3,789	**-**	15,165
Cash flows from financing activities					
Payment of dividends on ordinary shares		**(6,313)**	(4,058)	**(6,313)**	(4,058)
Net cash paid to controlled entities		**-**	-	**(2,321)**	(9,515)
Payment to outside equity interests		**-**	(3,789)	**-**	-
Net cash flow used in financing activities		**(6,313)**	(7,847)	**(8,634)**	(13,573)
Net increase in cash held		**3,536**	501	**960**	6,621
Add opening cash brought forward		**26,667**	26,166	**13,920**	7,299
Closing cash carried forward	20(a)	**30,203**	26,667	**14,880**	13,920

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

1. Statement of Significant Accounting Policies

Basis of Accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention and does not take into account changes in either the general purchasing power of the dollar or in the prices of specific assets except for other financial assets, which are measured at market value (Note 7).

All non current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amounts of all non current assets have been determined using net cash flows which have not been discounted to their present values.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Premier Investments Limited(the parent entity) and all entities that Premier Investments Limited controlled from time to time during the year and at reporting date.

All inter-company balances and transactions have been eliminated in full. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Other Financial Assets

The consolidated entity's interests in entities, other than controlled entities, are shown as other financial assets, and dividend income is taken into account when received. Investments held for resale are stated at the lower of cost and market value. Investments in controlled entities are stated at the lower of cost or recoverable amount.

Long term investments in shares quoted on prescribed stock exchange are stated at market value. The potential capital gains tax is not taken into account in determining the revalued carrying amounts.

Depreciation

Plant and equipment are depreciated over their economic lives over 3 to 5 years on a straight line basis. Additions and disposals are depreciated for the period held in the year of acquisition or disposal.

Income Tax

The financial statements apply the principals of tax effect accounting.

The income tax expense represents the tax on pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

The benefit arising from estimated carry forward tax losses is recorded as a future income tax benefit where realisation of such benefit is considered to be virtually certain.

Receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Receivables from related parties are recognised and carried at the normal amount due, less a provision for any non recoverable amounts. An estimate for non recovery is made when collection of the full amount is no longer probable.

1. Statement of Significant Accounting Policies (continued)

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

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an annual basis.

Interest-bearing Liabilities
All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Contributed Equity
Issued and paid up capital is recognised at the fair value of the consideration.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Control of the right to receive the interest payment on a monthly or daily basis in accordance with relevant banking policy.

Dividends
The right to receive the dividend payment when the dividend has been paid by the investee.

Derivative Financial Instruments
Interest Rate Swaps

Premier Investments Limited enters into interest rate swaps agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

It is the company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

Employee and Retirement Benefits
Charges have been made against profits for amounts expected to be paid to employees for accrued annual leave and long service leave. Amounts accrued which represent vested entitlements are shown as current liabilities. The non current portion of the long service leave provision is measured at the present value of estimated future cash flows discounted at an appropriate rate.

Employee superannuation funds exist to provide benefits for the economic entity's employees and their dependents on retirement, disability or death. The contributions made to these funds are charged against profits.

Cash
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within two working days.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous year.

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

2. Revenues from Ordinary Activities

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Revenues from ordinary activities comprises:				
Sales revenue	**-**	-	**-**	-
Other revenue				
Dividends from:				
- other entities	**25,216**	21,377	**25,216**	21,377
Interest from:				
- other entities	**1,295**	1,134	**729**	650
Proceeds from disposal of controlled entities	**-**	-	**-**	15,165
Total revenues from ordinary activities	**26,511**	22,511	**25,945**	37,192
Profit from ordinary activities is after charging the following expenses:				
a) Borrowing costs expensed:				
Interest expense:				
- related parties				
- wholly owned group	**-**	-	**15,666**	16,180
- other entities	**16,066**	16,482	**-**	-
Amortisation of loan facility fees	**167**	182	**-**	-
Total borrowing costs expensed	**16,233**	16,664	**15,666**	16,180
b) Losses/(gains)				
Net loss (gain) on disposal of financial assets	**-**	-	**-**	(2,849)

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
3. Income Tax				
a) The prima facie tax on profit differs from the income tax provided in the financial statements as follows:				
Prima facie tax on profit from ordinary activities	**2,880**	1,514	**2,880**	2,369
Tax effect of permanent differences:				
Prima facie tax offsets	**(7,565)**	(6,557)	**(7,565)**	(6,557)
Non assessable items	**-**	-	**-**	(855)
Non deductible items	**1**	34	**1**	34
Tax losses not tax effected	**4,684**	5,009	**4,684**	5,009
Income tax expense attributable to ordinary activities	**-**	-	**-**	-
b) Future income tax benefit arising from tax losses have not been brought to account at balance date as realisation is not virtually certain. The unrecouped tax losses relate to:				
Revenue losses	**53,023**	37,544	**53,023**	31,471
Capital gains tax losses	**74,791**	74,791	**74,791**	-

The future income tax benefit will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

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

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

4. Dividends Paid or Provided for

a) Dividends paid during the year				
i) Current year interim				
Franked dividends (3 cents per share) (2004: 1.5 cents)	**2,706**	1,352	**2,706**	1,352
ii) Previous year final				
Franked dividend (4 cents per share) (2004: 3 cents)	**3,607**	2,706	**3,607**	2,706
b) Dividends proposed and not recognised as a liability				
Franked dividend (7.5 cents per share) (2004: 4 cents)	**6,764**	3,607	**6,764**	3,607
c) Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
- franking account balance as at the end of the financial year at 30% (2004:30%)			**53,998**	45,897
- franking debits that will arise from the payment of dividends as at the end of the financial year			**(2,899)**	(1,546)
			51,099	44,351

5. Receivables

Non trade amounts owing by related parties				
Wholly-owned group	**-**	-	**3,984**	3,984
Provision for non recoverability	**-**	-	**(3,984)**	(3,984)
Other debtors	**135**	114	**67**	59
Total current receivables, net	**135**	114	**67**	59

6. Other Assets

Prepayments	**1,394**	1,662	**19**	19
Total current other assets	**1,394**	1,662	**19**	19

7. Other Financial Assets

Shares in companies quoted on prescribed stock exchange at current market selling value (Note 22)	**686,767**	654,970	**686,767**	654,970
Shares in controlled entities - unlisted (Note 21)	**-**	-	**62,969**	62,969
Total non-current other financial assets	**686,767**	654,970	**749,736**	717,939

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

8. Property, Plant & Equipment

Plant & equipment - deemed cost	**4**	4	**4**	4
Accumulated depreciation	**(4)**	(4)	**(4)**	(4)
Total property, plant & equipment, net	**-**	-	**-**	-

9. Payables

Unsecured				
Creditors	**14**	12	**14**	12
Total current payables	**14**	12	**14**	12

Terms and conditions
Creditors are non-interest bearing and are normally settled on 30 day terms.

10. Interest-Bearing Liabilities (Current)

Bank Overdraft	**6**	-	**6**	-
Total current interest-bearing liabilities	**6**	-	**6**	-

11. Provisions

Employee entitlements	**48**	48	**48**	48
Total current other provisions	**48**	48	**48**	48
Employee entitlements				
The number of full-time equivalents employed as at 30 June are	**1**	1	**1**	1

12. Interest-Bearing Liabilities (Non-Current)

Secured (a)				
Bills payable	**250,000**	250,000	**-**	-
Unsecured				
Non trade amounts owing to related parties				
Wholly owned group	**-**	-	**296,203**	298,524
Total non-current interest-bearing liabilities	**250,000**	250,000	**296,203**	298,524

a) The bills payable are secured by a charge over 57 million shares in the capital of Coles Myer Limited. Interest rates are on a fixed and floating basis. The effective interest rate on borrowings is at an average of 6.28%. Repayment date is July 2006.

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

13. Contributed Equity

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Issued and paid up capital				
Ordinary shares fully paid	**205,149**	205,149	**205,149**	205,149
	No.	No.	**No.**	No.
Movements in issued shares for the year:				
On issue at start	**90,187**	90,187	**90,187**	90,187
Movements for the year	**-**	-	**-**	-
On issue at end	**90,187**	90,187	**90,187**	90,187

14. Reserves

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Reserves comprise:				
Asset revaluation	**314,371**	282,575	**314,371**	282,575
Capital profits	**464**	464	**-**	-
Total reserves	**314,835**	283,039	**314,371**	282,575

Capital profit

i) Nature and purpose of reserve
The capital profits reserve is used to accumulate realised capital profits.

Asset revaluation

i) Nature and purpose of reserve
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

ii) Movements in reserve

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Opening balance	**282,575**	169,655	**282,575**	169,655
Increment on revaluation of other financial assets	**31,796**	112,920	**31,796**	112,920
Closing balance	**314,371**	282,575	**314,371**	282,575

15. Accumulated Losses

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Accumulated losses at the beginning of the financial year	**(54,835)**	(55,824)	**(54,371)**	(58,210)
Net profit attributable to members of the parent entity	**9,601**	5,047	**9,601**	7,897
Dividends provided for or paid	**(6,313)**	(4,058)	**(6,313)**	(4,058)
Accumulated losses at the end of the financial year	**(51,547)**	(54,835)	**(51,083)**	(54,371)

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
16. Remuneration of Auditors	$	$	$	$
Remuneration received, or due and receivable, by the auditors for:				
- An Audit or review of the financial report of the entity and any other entity in the consolidated entity				
Ernst and Young	**20,150**	18,150	**20,150**	18,150
- Other services in relation to the entity and any other entity in the consolidated entity.	**-**	-	**-**	-

17. Directors and Executive Disclosures

a) Details of specified Directors and specified Executive

i) Specified Directors

Sir R. Brierley	Chairman (non-executive)
L.E. Fox	Director (non-executive)
F.W. Jones	Director (non-executive)
M.R.I. McLeod	Director (non-executive)
Dr. G.H. Weiss	Director (non-executive)

ii) Specified Executive

K.F. Davis	Company Secretary

b) Remuneration of specified Directors and specified Executive

i) The Board of Directors is responsible for determining and reviewing compensation arrangements for the executives. The board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions. Such officers are given the opportunity to receive their base enolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the company.

17. Directors and Executive Disclosures (cont.)

		Salary/Fee $	Superannuation $	Non-Monetary Benefits $	Total
ii) **Specified Directors**					
Sir R. Brierley:	**2005**	**25,000**	**-**	**-**	**25,000**
	2004	25,000	-	-	25,000
L.E. Fox:	**2005**	**10,000**	**900**	**-**	**10,900**
	2004	10,000	900	-	10,900
F.W. Jones:	**2005**	**10,000**	**-**	**-**	**10,000**
	2004	10,000	900	-	10,900
M.R.I. McLeod:	**2005**	**10,000**	**900**	**-**	**10,900**
	2004	10,000	900	-	10,900
Dr. G.H. Weiss:	**2005**	**10,000**	**900**	**-**	**10,900**
	2004	10,000	900	-	10,900
Total Remuneration:	**2005**	**65,000**	**2,700**	**-**	**67,700**
	2004	65,000	3,600	-	68,600
Specified Executive					
K.F. Davis:	**2005**	**179,960**	**11,585**	**18,455**	**210,000**
	2004	197,500	11,000	-	208,500

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

18. Contingent Liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Joint and several guarantees and cross deed of covenant in favour of bankers and financiers to secure loans, advances and other banking accommodation granted to controlled entities.	-	-	**250,000**	250,000
Capital gains tax that would be payable if asset revaluation increment were realised at balance date. No provision has been made for this liability as disposal of the investments is not anticipated.	**39,434**	45,092	**-**	-

19. Segment Information

The consolidated entity derives its revenue from one segment, being the investment in securities for both long term and short term gains and dividend income and interest. The consolidated entity operates within Australia.

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

20. Notes to the Statement of Cash Flows

a) For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call and money market investments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Cash	**30,209**	26,667	**14,886**	13,920
Bank Overdraft	**(6)**	-	**(6)**	-
	30,203	26,667	**14,880**	13,920

b) Cash deposits and money market investments with banks are paying interest at current bank deposit rates. At year end the average rate was 5.45% (2004: 5.20%).

c) Reconciliation of net cash flow from operations to net profit after income tax:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Net profit after income tax	**9,601**	5,047	**9,601**	7,897
Non cash items:				
Profit from disposal of investments	**-**	-	**-**	(2,849)
Adjustments for changes in assets and liabilities:				
Decrease (increase) in prepayments	**268**	(488)	**-**	-
Increase in receivables	**(21)**	(13)	**(8)**	(32)
Increase (decrease) in creditors	**1**	(17)	**1**	(17)
Increase in employees entitlements	**-**	30	**-**	30
Net cash flow from operating activities	**9,849**	4,559	**9,594**	5,029

d) Financing arrangements

The economic entity has access to the following financing facility which expires in July 2006;

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Total Facility	**250,000**	250,000	**-**	-
Facilities used at reporting date	**(250,000)**	(250,000)	**-**	-
Facilities unused at reporting date	**-**	-	**-**	-

	Consolidated		Parent	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

20. Notes to the Statement of Cash Flows (continued)

e) Disposal of controlled entity

On the 23 July 2003, Premier Investments Limited disposed of the voting capital of OTG Limited and OHG Unit Trust. Both of these entities were liquidated on the 23 July 2003. Details of the disposal are as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Proceeds on disposal:				
- cash			-	15,165
The carrying amount of assets and liabilities disposed of by major class are:				
- investments			-	12,316
Profit on disposal			-	2,849
Net cash effect				
- cash proceeds			-	15,165
- cash balance disposed			-	-
Cash proceeds on disposal of controlled entity as reflected in the consolidated statement of cash flows			-	15,165

21. Controlled Entities

The consolidated financial statements at 30 June 2005 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity. All controlled entities are incorporated within Australia.

		2005 % **Holding**	2004 % Holding
Kimtara Investments Pty. Ltd.	(b)	100	100
Premfin Pty. Ltd.	(b)	100	100
Springdeep Investments Pty. Ltd.	(b)	100	100
Prempref Pty. Ltd.	(b)	100	100

a) All entities carry on business in their place of incorporation.

b) Not required to produce audited accounts, as small companies as defined by Corporations Act 2001.

22. Significant Investments

At 30 June 2005 the consolidated entity has an interest in a material non-controlled public company, Coles Myer Limited, whose principal activities are the operation, ownership and development of retail stores.

At 30 June 2005, 5.9% (2004: 5.7%) of the shares in Coles Myer Limited are held by the consolidated entity at an amount of $643,570,000 (2004: $597,005,000) which is included in non-current other financial assets.

23. Related Party Disclosures

a) Ultimate parent.

Premier Investments Limited is the ultimate parent company.

b) Wholly-owned group transactions.

In addition to those transactions disclosed in Note 2, the parent entity entered into the following transactions during the year with related parties in the wholly owned group:

i) Loan borrowings were made; and

ii) Loan borrowings were repaid.

These transactions were undertaken on normal commercial terms and conditions, with the exception that no interest has been charged on certain borrowings and no fixed date for repayment has been set.

Amounts due to and receivable from related parties in the wholly owned group are appropriately disclosed in the respective notes to the financial statements.

c) Other related party transactions.

Amounts due to and receivable from other related parties are appropriately disclosed in the respective notes to the financial statements.

	Consolidated	
	2005 $'000	2004 $'000
24. Earnings Per Share		
The following reflects the income and share data used in the calculation of basic and diluted earnings per share:		
Net Profit	**9,601**	5,047
Adjustments	**-**	-
Earnings used in calculating basic and diluted earnings per share	**9,601**	5,047
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share. There are no potential ordinary shares outstanding which are considered dilutive. Dilutive earnings per share is not materially different from basic earnings per share	**90,187,462**	90,187,462

25. Financial Instruments

a) Objectives for holding derivative financial instruments.

The consolidated entity raises short and long term debt at both fixed and floating rates. The entity has a policy of controlling interest rate fluctuations by the use of interest rate swaps. These swaps are in accordance with the objective of hedging a portion of the interest rate risk in respect of its financing facilities.

25. Financial Instruments (continued)

b) Interest rate risk exposures.

The economic entity is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date:

		Fixed interest rate maturing in					Average Interest rate	
2005	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non Interest bearing $'000**	**Total $'000**	**Floating**	**Fixed**
Financial assets								
Cash	30,209	-	-	-	-	30,209	5.45%	-
Other debtors	-	-	-	-	135	135	-	-
Investments	-	-	-	-	686,767	686,767	-	-
	30,209	-	-	-	686,902	717,111	-	-
Financial liabilities								
Trade creditors	-	-	-	-	14	14	-	-
Bank loans	250,006	-	-	-	-	250,006	6.28%	-
Interest rate swaps	(150,000)	150,000	-	-	-	-	-	-
	100,006	150,000	-	-	14	250,020		
2004								
Financial assets								
Cash	26,636	-	-	-	31	26,667	5.2%	-
Other debtors	-	-	-	-	114	114	-	-
Investments	-	-	-	-	654,970	654,970	-	-
	26,636	-	-	-	655,115	681,751		
Financial liabilities								
Trade creditors	-	-	-	-	12	12	-	-
Bank loans	250,000	-	-	-	-	250,000	6.81%	-
Interest rate swaps	(150,000)	-	150,000	-	-	-	-	-
	100,000	-	150,000	-	12	250,012		

i) Floating interest rates represent the more recently determined rate applicable to the instrument at balance date.

ii) The effective interest rate on bank loans incorporates the effect of interest rate swaps.

iii) Sundry debtors and other receivable are non interest bearing and have repayment terms between 30 and 90 days.

iv) Trade creditors are non- interest bearing and are normally settled on 30 day terms.

v) At 30 June 2005, a controlled entity has interest rate swap agreements which hedge a portion of the debt facilities through to October 2005. The controlled entity will pay fixed interest rates ranging from 5.77% to 6.23% (2004: 6.37% to 6.82%) and receive the bank bill swap rate calculated on the notional principal amount of the contracts.

25. Financial Instruments (continued)

c) Credit Risk Exposures.

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

d) Net fair value of financial assets and liabilities.

The carrying amounts and estimated net fair values of financial assets and financial liabilities held at balance date are given below. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

	2005		2004	
	Carrying amount $'000	**Net Fair amount $'000**	Carrying amount $'000	Net Fair value $'000
Financial assets				
Investments	686,767	683,233	654,970	651,695

The carrying amounts shown in the table are included in the Statement of Financial Position under the indicated captions.

The net fair values of listed investments are based on quoted market bid prices less estimated disposal costs. The directors have elected not to write these investments down to their fair values as the investments are held for long term purposes and therefore disposal costs are uncertain.

26. Impact of Adopting AASB Equivalents to IASB Standards

Premier Investments Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable to the financial year ended 30 June 2006. In 2004, the company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to the AIFRS. As a result, Premier Investments Limited established a project team to address each of the areas in order of priority. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, Premier Investments' transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when Premier Investments Limited prepares its fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

26. Impact of Adopting AASB Equivalents to IASB Standards (continued)

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Notes	CONSOLIDATED 1 July 2004*	PARENT 1 July 2004*
		$'000	$'000
Total equity under AGAAP		**433,353**	**433,353**
Adjustments to other reserves (net of tax)			
Total effect of revalued assets	(i)	(45,092)	(45,092)
Total equity under AIFRS		**388,261**	**388,261**

*** This column represents the adjustments as at the date of transition to AIFRS due to AASB 112 Income Taxes.**

(i) AASB 112 *Income Taxes* requires the Group to use a balance sheet liability method, rather than the current income tax statement method which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. This would result in the recognition of a deferred tax liability in relation to the revalued assets. Under AGAAP, the tax effects of the asset revaluations are not recognised.

The above changes will result in an increase in deferred tax liability under AIFRS at transition date. The anticipated effect at 30 June 2005 would be a decrease of $39,434,000 in the asset revaluation reserve and increase in deferred tax liability.

No other adjustments to deferred tax balances would be expected on adoption of AASB 112 *Income Taxes*.

(ii) Management has decided to apply the exemption provided in AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. The company, however, has determined that the investment will be classisfied as held for sale with changes from revaluation applied to equity.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

No material impacts are expected to the net profit presented under AGAAP on adoption of AIFRS.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows under AGAAP on adoption of AIFRS.