Appendix 4D

Half yearly report

Period ending on the 31 December, 2005

1. Name of entity

PREMIER INVESTMENTS LIMITED
ABN 64 006 727 966

2. Results for announcement to the market

Extracts from this report for announcement to the market (see note 1). $A'000

2.1 Revenues from ordinary activities	up	12.5%	to	13,477
2.2 Profit from ordinary activities after tax attributable to members	up	68.8%	to	5,159
2.3 Net profit for the period attributable to members	up	68.8%	to	5,159

2.4 Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	5.5 cents	5.5 cents
Previous corresponding period	3.0 cents	3.0 cents

2.5 Record date for determining entitlements to the dividend: 31 March 2006

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

NOT APPLICABLE

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	$5.24	$5.20

4. Control gained over entities having material effect

Name of entity (or group of entities)	Not Applicable

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

Loss of control of entities having material effect

Name of entity (or group of entities)	Not Applicable

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

5. Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	21 April 2005
+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	31 March 2005

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	Interim dividend: Current year	5.5 cents	5.5 cents	Nil
	Previous year	3.0 cents	3.0 cents	Nil

Half yearly report - interim dividend (distribution) on all securities

	Current period $A'000	Previous corresponding period - $A'000
+Ordinary securities *(each class separately)*	4,960	2,706
Preference +securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**4,960**	**2,706**

6. The +dividend or distribution plans shown below are in operation.

Not Applicable

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

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Not Applicable

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

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax Income tax on ordinary activities	Not Applicable	
Profit (loss) from ordinary activities after tax Extraordinary items net of tax		
Net profit (loss) Adjustments		
Share of net profit (loss) of associates and joint venture entities		

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

Not applicable

9. Description of audit dispute or qualification

Not applicable

PREMIER INVESTMENTS LIMITED

A.C.N. 006 727 966

HALF-YEAR REPORT

31 DECEMBER 2005

Contents **Page**

Directors' Report	2
Condensed Balance Sheet	3
Condensed Income Statement	4
Condensed Cash Flow Statement	5
Condensed Statement of Changes in Equity	6
Notes to the Half-Year Financial Statements	7-15
Directors' Declaration	16
Auditors Review Report	17
Auditors Independence Declaration	19

PREMIER INVESTMENTS LIMITED

DIRECTORS' REPORT

The Board of Directors of Premier Investments Limited (A.C.N. 006 727 966) submits its report for the financial half-year ended 31 December 2005.

Directors

The names and details of the directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

Sir Ron Brierley - Chairman and Non-Executive Director
Lindsay E. Fox A.O. - Non-Executive Director
Frank W. Jones - FCA, CPA, ACIS - Non-Executive Director
Gary H. Weiss - LLM, J.S.D., Non-Executive Director
Michael R.I. McLeod – BA(Hons) – Non-Executive Director

Review and Results of Operations

Profit from operating activities after income tax amounted to $5,159,000, which represents an increase of 68.8% on the result for the preceding corresponding half-year ($3,055,000). This result has been achieved due to an increase in dividend income and interest earned during this half-year.

The net tangible asset backing of Premier Investments Limited at 31 December 2005 was $5.24 per share.

The directors have declared a fully franked interim dividend of 5.5 cents per share (2004 interim dividend: 3.0 cents per share).

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC 98/0100. The company is an entity to which the Class Order applies.

Auditor's Declaration of Independence

Attached is a copy of the auditor's declaration provided under section 307C of the Corporations Act 2001 in relation to the review for the half year ended 31 December 2005. This auditor's declaration forms part of this directors' report.

Signed in accordance with a resolution of the directors.

Gary Weiss — Director

Melbourne 15th March 2006.

PREMIER INVESTMENTS LIMITED

CONDENSED BALANCE SHEET AT 31 DECEMBER 2005

	Consolidated	
	December **2005** **$'000**	June **2005** **$'000**
ASSETS		
Current Assets		
Cash and cash equivalents	28,565	30,209
Trade and other receivables	1,562	1,529
Derivatives	446	-
Total Current Assets	30,573	31,738
Non-current Assets		
Other financial assets	750,905	686,767
Total Non-current Assets	750,905	686,767
TOTAL ASSETS	781,478	718,505
LIABILITIES		
Current Liabilities		
Payables and other payables	14	14
Interest-bearing loans and borrowings	250,000	6
Provisions	48	48
Total Current Liabilities	250,062	68
Non-current Liabilities		
Interest-bearing loans and borrowings	-	250,000
Deferred income tax liabilities	58,570	39,434
Total Non-current Liabilities	58,570	289,434
TOTAL LIABILITIES	308,632	289,502
NET ASSETS	472,846	429,003
EQUITY		
Issued Capital	205,149	205,149
Other reserves	320,850	275,401
Accumulated losses	(53,153)	(51,547)
TOTAL EQUITY	472,846	429,003

The accompanying notes form an integral part of this Condensed Balance Sheet.

PREMIER INVESTMENTS LIMITED

CONDENSED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER, 2005

	Consolidated	
	December **2005** **$'000**	December **2004** **$'000**
Revenue	13,477	11,984
Other expenses	(342)	(360)
Profit from continuing operations before tax and finance costs	13,135	11,624
Finance costs	(7,976)	(8,569)
Profit before income tax	5,159	3,055
Income tax expense	-	-
Profit after tax from continuing operations	5,159	3,055
Net profit for the period	5,159	3,055
Net profit attributable to members of parent	5,159	3,055

Earnings per share (cents per share)		
- basic for profit for the half-year	5.72	3.39
- basic for profit from continuing operations	5.72	3.39

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

PREMIER INVESTMENTS LIMITED

CONDENSED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER, 2005

	Consolidated		
	December **2005** **$'000**	***Inflows / (Outflows)***	December **2004** **$'000**
Cash flows from operating activities			
Receipts from customers	-		-
Payments to suppliers and employees	(342)		(339)
Dividends received	12,757		11,367
Interest and bill discounts received	720		615
Interest and other costs of finance paid	(8,008)		(8,479)
Net cash flows from operating activities	5,127		3,164
Net cash flows from investing activities	-		-
Cash flows from financing activities			
Dividends paid	(6,765)		(3,607)
Net cash flows used in financing activities	(6,765)		(3,607)
Net decrease in cash and cash equivalents	(1,638)		(443)
Cash and cash equivalents at beginning of period	30,203		26,667
Cash and cash equivalents at end of period	28,565		26,224

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

PREMIER INVESTMENTS LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Issued capital $'000	Retained earnings $'000	Other Reserves $'000	Total Equity $'000
At 1 July 2004	**205,149**	**(54,835)**	**248,407**	**398,721**
Net gains on revaluation of investments	-	-	71,549	71,549
Total income and expense for the period recognised directly in equity	205,149	(54,835)	319,956	470,270
Profit for the period	-	3,055	-	3,055
Total income / expense for the period	205,149	(51,780)	319,956	473,325
Equity dividends	-	(3,607)	-	(3,607)
At 31 December 2004	**205,149**	**55,387**	**319,956**	**469,718**

CONSOLIDATED	Issued capital $'000	Retained earnings $'000	Other Reserves $'000	Total Equity $'000
At 1 July 2005	**205,149**	**(51,547)**	**275,401**	**429,003**
Net gains on available-for-sale financial assets	-	-	45,003	45,003
Net gains on cash flow hedges	-	-	446	446
Total income and expense for the period recognised directly in equity	205,149	(51,547)	320,850	474,452
Profit for the period	-	5,159	-	5,159
Total income / expense for the period	205,149	(46,388)	320,850	479,611
Equity dividends	-	(6,765)	-	(6,765)
At 31 December 2005	**205,149**	**(53,153)**	**320,850**	**472,846**

The accompanying notes from an integral part of this Condensed Statement of Changes in Equity.

PREMIER INVESTMENTS LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

AT 31 DECEMBER, 2005

NOTE 1: Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Premier Investments Limited as at 30 June 2005. It is also recommended that the half-year financial report be considered together with any public announcements made by Premier Investments Limited and its controlled entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared in accordance with the historical cost convention and does not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets except for other financial assets, which are stated at fair value.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly, except for the adoption of AASB 132 "Financial Instruments: Disclosure and Presentations" and AASB 139 "Financial Instruments: Recognition and Measurement" – refer to Note 9. A summary of the significant accounting policies of the Group under AIFRS is disclosed in Note 1 (c) below.

Reconciliations of:
- AIFRS equity as at 1 July 2004, 31 December 2004, 30 June 2005 and 1 July 2005; and
- AIFRS profit for the half-year 31 December 2004 and 30 June 2005, to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP; and
- Reconciliation of the impact of the adoption of AASB 139 "Financial Instruments: Recognition and Measurement"; are detailed in Note 8 and 9 below.

(c) Summary of significant accounting policies

(i) Basis 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 intercompany 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.

NOTE 1: Basis of preparation of the half-year financial report (Cont'd)

(c) Summary of significant accounting policies (cont'd)

(ii) Investments/Other financial assets

Accounting policies applicable for the year ended 30 June 2006:
All investments are initially recognised at cost, being fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value using the last bid price at balance date.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Accounting policies applicable for the year ended 30 June 2005:
The consolidated entity's interests in entities, other then 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 and recoverable amount.

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

(iii) Property, plant and equipment

Plant and equipment are depreciated over their economic lives of 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.

(iv) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand and in banks and money market investments readily convertible to cash within two working days.

(v) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible 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 recoverable amounts. An estimate for non recovery is made when collection of the full amount is no longer probable.

(vi) Trade and other 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.

NOTE 1: Basis of preparation of the half-year financial report (Cont'd)

(c) Summary of significant accounting policies (cont'd)

(vii) Interest-bearing loans and borrowings

Accounting policies applicable for the year ended 30 June 2006:
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

Accounting policies applicable for the year ended 30 June 2005:
All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(viii) 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.

(ix) Revenue

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

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.

(x) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where 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.

NOTE 1: Basis of preparation of the half-year financial report (Cont'd)

(c) Summary of significant accounting policies (cont'd)

(x) Income tax (cont'd)

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit not taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statements.

(xi) Derivative financial instruments

Accounting policies applicable for the year ended 30 June 2006:
Premier Investments Limited enters into interest rate swap 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. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain and loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

In relation to cash flow hedges to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

NOTE 1: Basis of preparation of the half-year financial report (Cont'd)

(c) Summary of significant accounting policies (cont'd)

(xi) Derivative financial instruments (cont'd)

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Accounting policies applicable for the year ended 30 June 2005:
Premier Investments Limited enters into interest rate swap 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.

(xii) 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 contribution 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.

(xiii) Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations
AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS)

Designation of previously recognised financial instruments
Financial instruments were designated as financial assets and liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

PREMIER INVESTMENTS LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

AT 31 DECEMBER, 2005

NOTE 1: Basis of preparation of the half-year financial report (Cont'd)

(c) Summary of significant accounting policies (cont'd)

(xiii) Transitional exemptions (cont'd)

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
Premier Investments Limited has not elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

	Consolidated	
	December **2005** **$'000**	December **2004** **$'000**

NOTE 2: Revenue and Expenses

Profit before income tax expense includes the following revenues and expenses whose disclosures are relevant in explaining the performance of the entity:

(i) Revenue:

Dividends from other persons	12,757	11,367
Interest from other persons	720	617
	13,477	11,984

(ii) Expenses

Borrowing costs		
Interest paid or payable to other persons	7,893	8,486
Amortisation of loan facility fees	83	83
	7,976	8,569

NOTE 3: Income Tax

The prima facie tax payable on the profit differs from the income tax provided in the financial statements as follows:

Prima facie tax on profit from ordinary activities at 30%	1,548	917
Tax effect of permanent & other differences		
Rebateable dividends	(1,548)	(917)
Income tax expenses attributable to profit from ordinary activities	-	-

PREMIER INVESTMENTS LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

AT 31 DECEMBER, 2005

	Consolidated	
	December **2005** **$'000**	December **2004** **$'000**
NOTE 4: Accumulated losses including proposed dividends		
Accumulated losses at the beginning of financial year	(51,547)	(54,835)
Dividend paid	(6,765)	(3,607)
Net profit	5,159	3,055
Accumulated losses at the end of the financial period	(53,153)	(55,387)
Proposed dividends declared		
Franked dividends	4,960	2,706
Dividends paid during the half-year		
Franked dividends	6,765	3,607

NOTE 5: Segment Information

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

NOTE 6: Contingent Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

NOTE 7: Subsequent Events

Subsequent to 31 December 2005, the directors have declared a fully franked interim dividend of 5.5 cents per share (2004: 3 cents per share). In accordance with the Company's accounting policy no liability is recognised in the half-year to 31 December 2005.

No other matter or circumstances have arisen since the end of the half-year, which significantly affected or may affect the operations of the consolidated entity.

NOTE 8: Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

NOTE 8: Impact of adoption of AIFRS (cont'd)

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

		CONSOLIDATED		
		30-Jun-05 $'000	31-Dec-04 $'000	01-Jul-04 $'000
Total Equity under AGAAP		468,437	534,777	433,353
Adjustments to equity:				
Tax effect of gains on revaluation of investments	(i)	(39,434)	(65,059)	(34,632)
Total equity under AIFRS		429,003	469,718	398,721

(i) AASB 112 'Income Taxes' requires the Group to use a balance sheet liability method, rather than the previous 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 has resulted in the recognition of a deferred tax liability in relation to the revalued financial assets. The total change in deferred tax liability is as follows:

	CONSOLIDATED		
	30-Jun-05 $'000	31-Dec-04 $'000	01-Jul-04 $'000
Total effect of revalued assets:			
-Tax effect of changes in valuation of financial assets	77,779	98,728	68,301
-Capital gains tax losses offset	(22,437)	(22,437)	(22,437)
-Revenue losses offset	(15,908)	(11,232)	(11,232)
Increase in deferred tax liability	39,434	65,059	34,632

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

No material impacts to the net profit presented under AGAAP on adoption of AIFRS were identified.

(iii) Restated AIFRS statement of Cash Flows for the year ended 30 June 2005

No material impacts to the cash flow under AGAAP on adoption of AIFRS were identified.

NOTE 9: Change in accounting policy

(a) Reconciliation of financial instruments as if AASB 139 was applied at 1 July 2005

In the current financial year Premier Investments Limited adopted AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. The change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

NOTE 9: Change in accounting policy (cont'd)

(a) Reconciliation of financial instruments as if AASB 139 was applied at 1 July 2005 (cont'd)

The adoption of AASB 139 has resulted in the Group recognising all derivative financial instruments as assets or liabilities at fair value and interest bearing loans and borrowings at amortised cost (being the present value of expected future principal and interest cash flows). This change has been accounted for by adjusting the opening balance of equity (retained earnings and hedging reserve) at 1 July 2005.

The impact on the balance sheet in the comparative period is set out below as an adjustment to the opening balance sheet at 1 July 2005. The transitional provisions will not have any effect in future reporting periods.

(b) Application of AASB 132 and AASB 139 prospectively from 1 July 2005

		30 June 2005 $'000	Effect of adoption $'000	1 July 2005 $'000
Changes in valuation of financial assets	(i)	248,407	-	248,407
Fair value derivatives - asset	(ii)	-	154	154
Interest bearing liabilities	(iii)	250,000	-	250,000
Impact on net assets		**250,000**	**154**	**250,154**
Net unrealised gains reserve		248,407	154	248,561
Impact on equity		**248,407**	**154**	**248,561**

(i) Financial assets that are classified as available-for-sale under AASB 139 'Financial Instruments: Recognition and Measurement' are carried at fair value. They were carried at a comparable fair value under AGAAP, accordingly there has been no impact other than to transfer the associated balance from the Asset Revaluation Reserve to Other Reserves.

(ii) In line with Premier's policy of controlling interest rate fluctuations through the use of interest rate swaps, Premier had two interest rate swap contracts in place at 30 June 2005. The recognition of these at 1 July 2005 resulted in a derivative asset of $154,333 being brought on balance sheet at that date. Both contracts matured on the 28 October 2005.

(iii) No adjustments impacting interest bearing liabilities arose from the adoption of AASB 132 and AASB 139.

PREMIER INVESTMENTS LIMITED

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position of the consolidated entity as at 31 December 2005 and of its performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

On behalf of the Board

Melbourne 15th March 2006.

Gary Weiss Director

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Independent review report to the members of Premier Investments Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Premier Investments Limited (the "company") and the entities it controlled during the six month period, and the directors' declaration for the company, for the six month period ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Financial Report.

Liability limited by a scheme approved under
Professional Standards Legislation

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Premier Investments Limited and the entities it controlled during the six month period is not in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the six month period ended on that date; and

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Mary Waldron

Mary Waldron
Partner
Melbourne

15 March 2006

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 8650 7777
DX 293 Melbourne

Auditors Independence Declaration to the Directors of Premier Investments Limited

In relation to our review of the financial report of Premier Investments Limited for the financial half year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mary Waldron

Mary Waldron
Partner

Date: 15 March 2006

Liability limited by a scheme approved under
Professional Standards Legislation