

JUST GROUP

Financial Report 2008

JUST GROUP LIMITED

ABN 97 096 911 410

FINANCIAL REPORT

FOR THE PERIOD COMMENCING 29 JULY 2007 TO 26 JULY 2008

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DIRECTORS' REPORT

The directors present their report together with the financial report of Just Group Limited (the "company") and the consolidated financial report of the consolidated entity, being the company and its controlled entities, for the 52 weeks commencing 29 July 2007 to 26 July 2008, together with the independent audit report to the members thereon.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of the report are as follows:

Solomon Lew	Chairman (appointed 22 September 2008)
Jason Murray	Managing Director
Michael McLeod	Non-Executive Director (appointed 4 March 2008)
Terrence McCartney	Non-Executive Director (appointed 4 March 2008)
Glenys Shearer	Executive Director (appointed 22 September 2008)
Mark Middeldorf	Non-Executive Director (appointed 22 September 2008)
Henry Lanzer	Non-Executive Director (appointed 22 September 2008)
Ian Pollard	Chairman (resigned 26 August 2008)
Laura Anderson	Non-Executive Director (resigned 26 August 2008)
Bronwyn Constance	Non-Executive Director (appointed 11 April 2008; resigned 26 August 2008)
Ian Dahl	Non-Executive Director (resigned 26 August 2008)
Susan Oliver	Non-Executive Director (resigned 26 August 2008)
Alison Watkins	Non-Executive Director (resigned 6 March 2008)
Janice Payne	Company Secretary

EARNINGS PER SHARE

	2008 CENTS	2007 CENTS
Basic earnings per share	24.40	29.85
Diluted earnings per share	24.40	29.85

DIVIDENDS

Two fully franked dividends were paid during the financial year:

2007 Final Dividend	\$20,133,088 (10.0 cents per share) on 14 November 2007 (2007: 8.5 cents per share)
2008 Interim Dividend	\$21,139,742 (10.5 cents per share) on 22 May 2008 (2007: 9.5 cents per share).

The directors have not declared a final dividend for the 2008 year (2007: 10.0 cents per share).

CORPORATE INFORMATION

CORPORATE STRUCTURE

Just Group Limited is a company limited by its shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The consolidated entity operates a number of specialty retail fashion chains within the specialty retail fashion markets in Australia, New Zealand and the United States of America, and via a joint venture entity in South Africa.

OPERATING AND FINANCIAL REVIEW

Just Group is a leading specialty fashion retailer in Australia and New Zealand, and has recently commenced operations in South Africa and the United States of America. Just Group has a portfolio of well-recognised retail brands, offering latest fashion at value price points. Just Group currently has seven unique brands trading from more than 900 stores across four countries. The emphasis is on a range of brands that provide diversification through breadth of target demographic and sufficiently broad appeal to enable a national footprint. Over 90% of Just Group's product range is designed, sourced and sold under its own brands. The Group continually invests in its brands to ensure they remain relevant to changing consumer tastes and remain at the forefront of their respective target markets. This investment includes national advertising campaigns and over five kilometres of store window displays, most of which are updated every two weeks.

DIRECTORS' REPORT

(CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Net profit after income tax for the year ended 26 July 2008 was \$49.1 million (2007: \$63.9 million), which reflects a 23.1% decrease compared to last year. The 2008 result includes the costs associated with defending the takeover by Premier Investments Limited, which amounted to \$5.4 million (net of tax). In addition, the 2007 year includes a gain on the sale of the company's strategic investment in Colorado Limited amounting to \$2.5 million (net of tax). After adjusting for these non-recurring transactions and events, net profit after income tax for the 2008 financial year was \$54.6 million (adjusted 2007: \$61.4 million), which reflects a 11.2% decrease compared to last year.

The Group remains highly cash generative, which allows continuous investment in the business and the ongoing reduction of debt. Total capital expenditure for the year was \$33.1 million (2007: \$26.9 million). The company completed an off-market share buy-back in May 2007 and the acquisition of Smiggle Pty Ltd in August 2007, which resulted in an increase to the company's gearing ratio, however it continues to maintain a sound capital structure that is well serviced by the profitability of its operations. All debt covenants have been satisfied throughout the year. The Group's core debt facility is due to expire in June 2009, and has been classified as a current liability in the financial statements. The Board believes the company will be able to refinance this debt during the next 12 months and has reasonable grounds to believe the company has sufficient funds to finance its operations throughout the year. The Group also maintains a working capital facility in the amount of \$20.0 million to manage the inter-month and intra-month fluctuations in cash flow inherent in the business which was unused at year end.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In May 2007, the company completed an off-market share buy-back. The company purchased 16,669,118 of its own shares for total consideration of \$65.7 million, including associated costs. As a result of the buy-back, share capital was reduced by \$1.7 million, and retained earnings were reduced by \$64.0 million.

In August 2007, the Group completed the acquisition of Smiggle Pty Ltd. An initial cash payment of \$24.6 million was paid for 100% of the business, with a further amount payable in 2010 based on the actual average earnings of Smiggle in 2009 and 2010. The company borrowed \$20.0 million to finance this acquisition, which was subsequently repaid in January 2008.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 8 August 2008, Premier Investments Limited obtained a controlling interest in the shares of Just Group Limited following an off-market takeover offer for all of the Group's shares that commenced on 31 March 2008. As a result of this change of control, the company's financing facilities and certain leases are subject to review events which may result in changes to the terms, expiry date, conditions, fees and/or amounts payable under these agreements. The Group has been discussing these matters with the relevant parties and remains confident that there will be no material changes to the Group's financial position as presented in financial statements as a result of the change of control.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Certain likely developments in the operations of the consolidated entity and the expected results of those operations in financial years subsequent to the period ended 26 July 2008 are referred to in the preceding operating and financial review. No additional information is included on the likely developments in the operations of the economic entity and the expected results of those operations as the directors reasonably believe that the disclosure of such information would be likely to result in unreasonable prejudice to the economic entity if included in this report, and it has therefore been excluded in accordance with section 299(3) of the *Corporations Act 2001*.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

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

DIRECTORS' REPORT

(CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS (CONTINUED)

The company has also entered into deeds of access, insurance and indemnity with all the directors of the company. In accordance with the deeds of access, insurance and indemnity, the company has purchased run-off directors, and officers, indemnity insurance for a period of seven years following the change of control of the company. This additional insurance was necessary because the existing policies cease to apply following a change of control of the company.

No indemnification has been provided for the company's auditors.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration in relation to the audit for the financial year is provided on page 5 of this report.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The nature and scope of each type of non-audit service provided means that independence was not compromised.

Details of non-audit services provided by the entity's auditor, Ernst & Young, can be found in Note 27 of the Financial Report.

ROUNDING

The amounts contained in this report and financial statements have been rounded off to the nearest thousand dollars under the option available to the company under Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the board of directors.



Solomon Lew
Chairman

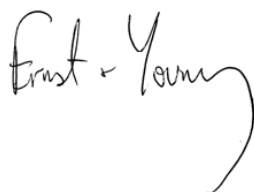
22 September 2008



Jason Murray
Managing Director

Auditor's Independence Declaration to the Directors of Just Group Limited

In relation to our audit of the financial report of Just Group Limited for the 52 weeks ended 26 July 2008, 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



Rob Perry
Partner
Date: 22 September 2008

INCOME STATEMENT

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008

	NOTES	CONSOLIDATED		THE COMPANY	
		52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
Revenue from sale of goods	4	816,137	762,422	–	–
Other revenue	4	2,135	4,938	62,367	110,693
Total revenue	4	818,272	767,360	62,367	110,693
Other income	4	3,547	4,211	27,240	26,273
Total income	4	821,819	771,571	89,607	136,966
Changes in inventories of finished goods and work in progress and raw materials used	5	(332,528)	(323,661)	–	–
Employee expenses		(160,103)	(142,047)	(17,216)	(15,808)
Operating lease rental expense		(145,719)	(132,842)	(3,258)	(3,433)
Depreciation, impairment and amortisation	5	(23,941)	(20,011)	(1,756)	(1,238)
Advertising and direct marketing		(20,354)	(17,917)	–	–
Borrowing costs	5	(11,188)	(6,929)	(9,275)	(5,460)
Auditor's remuneration (audit and other services)	27	(536)	(324)	(536)	(324)
Takeover defence costs		(7,176)	–	(7,176)	–
Other expenses		(47,956)	(37,318)	(11,486)	(6,989)
Total expenses		(749,501)	(681,049)	(50,703)	(33,252)
Share of loss of associate	13	(1,287)	(210)	–	–
Profit before income tax expense		71,031	90,312	38,904	103,714
Income tax (expense)/benefit	6	(21,913)	(26,421)	4,057	(44)
Profit after income tax expense	20	49,118	63,891	42,961	103,670
Basic earnings per share (cents per share)	32	24.40	29.85		
Diluted earnings per share (cents per share)	32	24.40	29.85		
Dividends paid per share (cents per share)	21	20.50	18.00		

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 26 JULY 2008

	NOTES	CONSOLIDATED		THE COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	28	23,650	38,134	18,080	24,107
Trade and other receivables	7	4,245	2,512	64	–
Inventories	8	60,471	61,250	–	–
Derivative financial instruments	31	585	–	585	–
Other	9	2,913	2,795	465	909
Total current assets		91,864	104,691	19,194	25,016
<i>Non-current assets</i>					
Trade and other receivables	7	2,420	1,256	15,948	12,385
Plant and equipment	11	72,381	62,751	6,698	3,968
Intangible assets	12	105,717	79,084	341	–
Deferred tax assets	6	13,028	8,782	3,644	636
Investment in an associate	13	369	1,959	–	–
Derivative financial instruments	31	635	–	635	–
Other financial assets	10	84	84	91,307	91,307
Total non-current assets		194,634	153,916	118,573	108,296
TOTAL ASSETS		286,498	258,607	137,767	133,312
LIABILITIES					
<i>Current liabilities</i>					
Trade and other payables	14	65,596	50,415	10,259	4,956
Interest-bearing liabilities	15	119,203	144	103,577	82
Derivative financial instruments	31	3,692	1,825	3,692	–
Income tax payable		4,457	6,391	4,646	8,632
Provisions	16	12,032	10,680	–	–
Other	17	3,059	2,240	5	–
Total current liabilities		208,039	71,695	122,179	13,670
<i>Non-current liabilities</i>					
Interest-bearing liabilities	15	327	121,651	327	103,715
Deferred tax liabilities	6	3,083	2,354	612	296
Provisions	16	988	886	–	–
Derivative financial instruments	31	62	–	62	–
Other	17	16,779	8,723	3	15
Total non-current liabilities		21,239	133,614	1,004	104,026
TOTAL LIABILITIES		229,278	205,309	123,183	117,696
NET ASSETS		57,220	53,298	14,584	15,616
EQUITY					
Contributed equity	18	13,726	13,720	13,726	13,720
Reserves	19	(7,583)	(3,406)	(3,609)	(635)
Retained profits	20	51,077	42,984	4,467	2,531
TOTAL EQUITY		57,220	53,298	14,584	15,616

The above balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008

	CONSOLIDATE		THE COMPANY		
	NOTES	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		817,848	759,862	187	144
Cash payments in the course of operations		(693,164)	(640,797)	(32,246)	(30,393)
Income taxes (paid)/refunded		(27,087)	(25,787)	(948)	1,034
Interest received		1,417	1,577	697	1,247
Borrowing costs paid		(13,288)	(5,095)	(10,761)	(3,999)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	28(b)	85,726	89,760	(43,071)	(31,967)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		–	2,436	–	–
Payment for investments		–	(2,169)	–	–
Proceeds from sale of plant and equipment		171	317	141	113
Advances to related parties		–	–	(615,583)	(494,117)
Repayment of advances to related parties		–	–	698,744	605,735
Proceeds from disposal of available-for-sale investments		–	19,500	–	–
Acquisition of subsidiary	23	(24,333)	–	–	–
Payment for trademarks		(341)	–	(341)	–
Advances to associate		(1,164)	(1,256)	–	–
Payment for plant and equipment and leasehold premiums		(33,070)	(26,933)	(4,470)	(2,565)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(58,737)	(8,105)	78,491	109,166
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	21	(41,273)	(37,656)	(41,273)	(37,656)
Share buy-back		–	(65,735)	–	(65,735)
Proceeds from borrowings		20,000	39,916	20,000	39,916
Repayment of borrowings		(20,000)	–	(20,000)	–
Lease payments		(200)	(30)	(174)	(26)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(41,473)	(63,505)	(41,447)	(63,501)
NET INCREASE/(DECREASE) IN CASH HELD		(14,484)	18,150	(6,027)	13,698
Cash at the beginning of the financial period		38,134	19,984	24,107	10,409
CASH AT THE END OF THE FINANCIAL PERIOD	28(a)	23,650	38,134	18,080	24,107

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008

CONSOLIDATED								
	NOTES	CONTRIBUTED EQUITY \$'000	PERFORMANCE RIGHTS RESERVE \$'000	CASH FLOW HEDGE RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	FAIR VALUE RESERVE \$'000	RETAINED PROFITS \$'000	TOTAL \$'000
<i>At 29 July 2006</i>		15,405	1,670	–	(3,036)	2,457	80,799	97,295
Net profit for the period	20	–	–	–	–	–	63,891	63,891
Translation of overseas subsidiary	19(b)	–	–	–	265	–	–	265
Disposal of available-for-sale investments	19(c)	–	–	–	–	(2,457)	–	(2,457)
Amortisation of performance rights	19(a)	–	607	–	–	–	–	607
After tax cost of on-market share purchase	19(a)	–	(2,583)	–	–	–	–	(2,583)
Reversal of amortisation of forfeited performance rights	19(a)	–	(329)	–	–	–	–	(329)
Share buy-back	18(b) 20	(1,685)	–	–	–	–	(64,050)	(65,735)
Dividends paid	21	–	–	–	–	–	(37,656)	(37,656)
<i>At 28 July 2007</i>		13,720	(635)	–	(2,771)	–	42,984	53,298
Net profit for the period	20	–	–	–	–	–	49,118	49,118
Translation of overseas subsidiary	19(b)	–	–	–	(1,203)	–	–	(1,203)
Tax effect of share buy-back costs	18(b) 20	6	–	–	–	–	248	254
Amortisation of performance rights	19(a)	–	1,499	–	–	–	–	1,499
After tax cost of on-market share purchase	19(a)	–	(2,674)	–	–	–	–	(2,674)
After tax gain/(loss) on cash flow hedges	19(d)	–	–	(1,799)	–	–	–	(1,799)
Dividends paid	21	–	–	–	–	–	(41,273)	(41,273)
<i>At 26 July 2008</i>		13,726	(1,810)	(1,799)	(3,974)	–	51,077	57,220

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

THE COMPANY								
	NOTES	CONTRIBUTED EQUITY \$'000	PERFORMANCE RIGHTS RESERVE \$'000	CASH FLOW HEDGE RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	FAIR VALUE RESERVE \$'000	RETAINED PROFITS \$'000	TOTAL \$'000
<i>At 29 July 2006</i>		15,405	1,670	–	–	–	567	17,642
Net profit for the period	20	–	–	–	–	–	103,670	103,670
Amortisation of performance rights	19(a)	–	607	–	–	–	–	607
After tax cost of on-market share purchase	19(a)	–	(2,583)	–	–	–	–	(2,583)
Reversal of amortisation of forfeited rights	19(a)	–	(329)	–	–	–	–	(329)
Share buy-back	18(b) 20	(1,685)	–	–	–	–	(64,050)	(65,735)
Dividends paid	21	–	–	–	–	–	(37,656)	(37,656)
<i>At 28 July 2007</i>		13,720	(635)	–	–	–	2,531	15,616
Net profit for the period	20	–	–	–	–	–	42,961	42,961
Tax effect of share buy-back costs	18(b) 20	6	–	–	–	–	248	254
Amortisation of performance rights	19(a)	–	1,499	–	–	–	–	1,499
After tax cost of on-market share purchase	19(a)	–	(2,674)	–	–	–	–	(2,674)
After tax gain/(loss) on cash flow hedges	19(d)	–	–	(1,799)	–	–	–	(1,799)
Dividends paid	21	–	–	–	–	–	(41,273)	(41,273)
<i>At 26 July 2008</i>		13,726	(1,810)	(1,799)	–	–	4,467	14,584

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008

1 CORPORATE INFORMATION

The financial report of Just Group Limited for the period ended 26 July 2008 was authorised for issue in accordance with a resolution of the directors on 22 September 2008.

Just Group is a leading specialty fashion retailer in Australia and New Zealand, with a portfolio of well-recognised retail brands, offering latest fashion at value price points. Just Group Limited is the ultimate parent company of the Group. Just Group Limited is a company limited by shares incorporated and domiciled in Australia.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated and the company financial report is prepared for the period commencing 29 July 2007 to 26 July 2008.

(a) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. Set out below is a summary of the significant accounting policies adopted in the preparation of this financial report. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report has been prepared on the assumption that the company is a going concern. The company's financing facilities are confirmed until 26 June 2009, and as such have been presented in the balance sheet as a current liability. The directors believe that the company will be able to refinance these debt facilities on acceptable terms on or prior to this date, and therefore believe the company will be able to meet its obligations for at least 12 months from the date of approving this financial report.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under Australian Securities and Investments Commission (ASIC) Class Order 98/0100. The company is an entity to which the Class Order applies.

(b) STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The following standards, amendments to standards or interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 26 July 2008, but have not been applied in preparing this financial report.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group operates The Just Shop loyalty program within its Just Jeans business. The impact of this interpretation when applied is not expected to be material.	27 July 2008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	26 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any material impact on the Group's financial report.	26 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	26 July 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements under the existing performance rights plan that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	26 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	26 July 2009
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	26 July 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	26 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
Amendments to International Financial Reporting Standards**	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	1 January 2009	<p>Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments.</p> <p>In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over' basis rather than at fair value.</p>	26 July 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards**	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	26 July 2009
IFRIC 15**	Agreements for the Construction of Real Estate	This interpretation proposes that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	The Group does not enter into agreements to provide construction services to the buyers specifications and as such this interpretation is not expected to have any impact on the Group's financial report.	26 July 2009
IFRIC 16**	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	26 July 2009

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

** Pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB.

Adoption of new accounting standard

The Group has adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements comprise the financial statements of Just Group Limited ('the parent entity') and its subsidiaries ('the Group') as at the end of each financial year. A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities as at the end of the financial year.

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

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(d) FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of Just Group Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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 balance sheet date. All exchange differences in the consolidated financial report are taken to the income statement.

The New Zealand subsidiaries' functional currency is New Zealand dollars and the United States subsidiaries' functional currency is United States dollars.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Just Group Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

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

(e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis;
- 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 costs necessary to make the sale.

(h) PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Store plant and equipment 3 to 8 years
- Leased plant and equipment 2 to 5 years
- Other plant and equipment 2 to 10 years

The carrying values of plant and equipment are reviewed for impairment annually for events or changes in circumstances that may indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If an indication of impairment exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

(i) GOODWILL

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). This generally means an assessment at the store level. However, if cash inflows cannot be separately identified, the impairment assessment is performed at the business unit or group level. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

In conducting the impairment testing for goodwill, a pre-tax discount rate of 11.5% (2007: 10.4%) is used to discount future net cash flows for each cash-generating unit. The assessment is conducted over the lesser of the remainder of the lease term or useful life of the cash-generating unit, or five years. Future cash inflows are projected to grow at an average rate of 3.0% (2007: 4.1%) over the relevant assessment period, based on current and historical growth patterns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) INTANGIBLE ASSETS (excluding goodwill)

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of intangibles with indefinite lives annually, either individually or at the cash-generating unit level.

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. Recoverable amount is the greater of fair value less costs to sell and value-in-use.

It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value, less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

A summary of the policies applied to the Group's intangible assets is as follows:

	<i>Trademarks</i>	<i>Premiums paid on acquisition of leaseholds</i>
Useful life	Indefinite	Finite
Method used	Not amortised or revalued	Amortised over the term of the lease
Internally generated/acquired	Acquired	Acquired
Impairment test/recoverable amount testing	Annually; for indicator of impairment	Amortisation method reviewed at each financial year end; reviewed annually for indicator of impairment

(k) OTHER FINANCIAL ASSETS

(i) Available-for-sale investments

After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the profit or loss.

Fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

(ii) Non-derivative financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. Such assets are recognised at cost and amortised using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) INVESTMENT IN ASSOCIATE

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of its associate's post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from the associate is recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting date of the associate is currently 30 June and is in the process of being aligned to that of the company. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(m) LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(n) TRADE AND OTHER PAYABLES

Liabilities for trade creditors and other amounts 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 consolidated entity.

Trade liabilities are normally settled on terms of between seven and 45 days.

(o) INTEREST-BEARING LIABILITIES

All loans, borrowings and interest-bearing payables are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, such items are subsequently measured at amortised cost using the effective interest method. Borrowing costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) PROVISIONS

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time-value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time-value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

A provision for dividends is not recognised as a liability unless the dividends are declared on or before the reporting date.

(q) EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay, resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates, and include related on-costs.

(ii) Long service leave

The liability for long service leave 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 national government bonds with terms to maturity that match as closely as possible the estimated cash outflow.

(iii) Superannuation fund

The company and other controlled entities contribute to eligible employee superannuation funds. Contributions are charged against income as they are made. Further information is set out in Note 25.

(r) DEFERRED INCOME

Lease incentives are capitalised in the financial statements when received and credited to revenue over the term of the store lease to which they relate.

(s) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit 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.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Risks and rewards are considered passed to the buyer at the point-of-sale in retail stores and at the time of delivery to catalogue and wholesale customers.

(ii) Interest

Revenue is recognised as interest accrues using the effective interest method.

(iii) Dividends

Revenue is recognised when a right to receive consideration for the investment in assets is attained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) REVENUE RECOGNITION (CONTINUED)

(iv) Lay-by sales

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

(t) INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

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:

- 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 taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary difference 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 deductible temporary differences, carry forward or 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 of unused tax assets and unused tax losses, can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, in which case a 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 against which the temporary difference 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) INCOME TAX (CONTINUED)

Tax consolidation

Just Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 August 2004. The head entity, Just Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Just Group 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.

(u) OTHER 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 balance sheet. Cash flows are included in the cash flow statement 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 in Note 24 are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

During the 52 weeks ended 26 July 2008, the consolidated entity has elected to apply the provisions for hedge accounting as prescribed in AASB 139: Financial Instruments: Recognition and Measurement.

The consolidated entity uses derivative financial instruments (including forward currency contracts and foreign exchange options) to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently revalued to fair value at subsequent reporting dates.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the period.

For the purpose of hedge accounting, hedges are classified as cash flow hedges that hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) *Cash flow hedges*

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

Amounts taken to equity are transferred out of equity and included in the measurement of the hedge transaction (finance costs or inventory purchases) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on an ongoing basis both retrospectively and prospectively using the ratio offset method. If the testing falls within the 80% to 125% range, the hedge is considered to be highly effective and continues to be designated as a cash flow hedge.

At balance date, the Group measures ineffectiveness using the ratio offset method. For foreign currency cash flow hedges if the risk is over hedged, the ineffective portion is taken immediately to other income/expense in the income statement.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(w) BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale, which are measured at fair value less costs to sell, all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amount payable in the future is discounted to present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(x) SHARE-BASED REMUNERATION SCHEMES

The Group provides benefits to certain employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). There are currently two plans in place to provide these benefits:

- a senior leaders reward scheme (SLRS); and
- a long-term incentive plan known as the Performance Rights Plan (PRP).

The SLRS provides a remuneration element designed to attract and retain key senior employees and link rewards with company performance and achievement of individual KPIs. The rewards include a cash bonus for meeting individual KPIs and shares in the company (purchased on market) for meeting company performance targets. Any shares allocated under this plan have a one or two-year trading restriction. The cost of the purchase of shares is expensed to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) *SHARE-BASED REMUNERATION SCHEMES (CONTINUED)*

The PRP provides a remuneration element designed to attract and retain key senior executives and link rewards with the company's performance and maximisation of shareholder wealth. An offer under the PRP grants an individual the right to a certain number of ordinary shares in the company. This right may vest and be convertible into shares, conditional on the satisfaction of a "Total Shareholder Return" performance condition. Refer to Note 25(c) on page 51 for further details.

The cost of these share-based transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of share-based transactions is expensed over the period in which the performance conditions may be fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

Upon vesting, the Company purchases shares on-market to fulfill its obligations under the PRP. The cost of the purchase of shares, net of tax, is charged to the performance rights reserve.

(y) *COMPARATIVES*

The current reporting period 29 July 2007 to 26 July 2008 represents 52 weeks and the comparative reporting period 30 July 2006 to 28 July 2007 also represents 52 weeks.

(z) *EARNINGS PER SHARE*

Basic earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as net profit divided by the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, finance leases and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, investments and trade payables, which arise directly from its operations. The Group also enters into derivative transactions from time to time, principally forward exchange contracts and foreign currency options. The purpose is to manage the currency risks arising from the Group's operations. Speculative trading in derivatives is prohibited by the Group's financial risk management policies.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in Note 2 to the financial statements.

RISK EXPOSURES AND RESPONSES

Interest rate risk

The Group's exposure to market interest rates relates primarily to its cash investments and long term debt obligations. The level of debt is disclosed in Note 15.

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

	NOTES	CONSOLIDATED		THE COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>FINANCIAL ASSETS</i>					
Cash	28	23,650	38,134	18,080	24,107
		23,650	38,134	18,080	24,107
<i>FINANCIAL LIABILITIES</i>					
Bank loans AUD	15	(103,361)	(103,469)	(103,361)	(103,464)
Bank loans NZD20.0 million	15	(15,565)	(17,935)	–	–
Lease liabilities	15	(548)	(498)	(489)	(436)
		(119,474)	(121,902)	(103,850)	(103,900)
Net exposure		(95,824)	(83,768)	(85,770)	(79,793)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Interest rate risk (continued)

The Group enters into interest rate swaps from time to time to convert all or a portion of the variable interest rate component of the long-term debt obligations to fixed interest rates. The criteria used to determine whether a variable interest rate commitment should be converted to a fixed interest rate is based on an assessment of the Group's future cash flows and investment requirements. The Group has not entered into any interest rate swaps in the past 12 months.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

As at 26 July 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	POST-TAX PROFIT		EQUITY	
	HIGHER/(LOWER)		HIGHER/(LOWER)	
Judgements of reasonably possible movements:	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
CONSOLIDATED				
+1.0% (100 basis points)	(667)	(583)	–	–
-1.0% (100 basis points)	667	583	–	–
THE COMPANY				
+1.0% (100 basis points)	(597)	(555)	–	–
-1.0% (100 basis points)	597	555	–	–

The movements in profit and loss are due to higher/lower interest costs on long-term bank loans and also higher/lower interest earned on short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign operations

The Group has a significant operation in New Zealand. As a result, movements in the AUD/NZD exchange rate affect the Group's balance sheet and results from operations. The Group has obtained New Zealand dollar denominated financing facilities from a financial institution to provide a natural hedge of the Group's exposure to movements in the AUD/NZD on translation of the New Zealand balance sheet, however the company does not hedge its cash flow exposure to movements in the AUD/NZD.

The Group has recently commenced operations in the United States of America. As a result, movements in the AUD/USD exchange rate affect the Group's balance sheet and results from operations. The Group does not explicitly hedge this exposure.

The Group has an investment and long-term receivables denominated in South African rand (ZAR) arising from its investment in Just Kor Fashion Group (Pty) Ltd. As a result of these transactions, movements in the AUD/ZAR exchange rates can affect the Group's balance sheet. The Group does not consider this risk to be material and, as such, has not sought to hedge this exposure.

Foreign currency transactions

The Group has exposures to foreign currencies principally arising from purchases by operating entities in currencies other than the functional currency. Approximately 60% of the Group's purchases are denominated in USD, which is not the functional currency of the Australian and New Zealand operating entities.

The Group considers its exposure to USD arising from the purchases of inventory to be a long-term and ongoing exposure. As such, the Group's foreign currency risk management policy provides guidelines for the term over which foreign currency hedging will be undertaken for part or all of the risk. This term cannot exceed two years. Factors taken into account include:

- the implied market volatility for the currency exposure being hedged and the cost of hedging, relative to long-term indicators;
- the level of the AUD and NZD against the currency risk being hedged, relative to long-term indicators;
- the company's strategic decision-making horizon.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign Currency Transactions (Continued)

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

At balance date, the Group had the following exposures to movements in the United States dollar and South African rand:

	USD EXPOSURE				ZAR EXPOSURE			
	CONSOLIDATED		PARENT		CONSOLIDATED		PARENT	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
FINANCIAL ASSETS								
Cash and cash equivalents	467	–	–	–	–	–	–	–
Trade and other receivables	427	146	–	–	2,420	1,256	–	–
Derivative financial assets (cash flow hedges)	1,220	–	1,220	–	–	–	–	–
	2,114	146	1,220	–	2,420	1,256	–	–
FINANCIAL LIABILITIES								
Trade and other payables	20,835	19,238	–	–	–	–	–	–
Derivative financial liabilities (cash flow hedges)	3,754	1,825	3,754	–	–	–	–	–
	24,589	21,063	3,754	–	–	–	–	–
Net exposure	(22,475)	(20,917)	(2,534)	–	2,420	1,256	–	–

Outlined in Note 31, the Group has forward currency contracts and foreign currency options designated as cash flow hedges that are subject to movements through equity and profit and loss respectively as foreign exchange rates move.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign currency risk (Continued)

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

	POST-TAX PROFIT		EQUITY	
	HIGHER/(LOWER)		HIGHER/(LOWER)	
Judgements of reasonably possible movements:	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
<i>CONSOLIDATED</i>				
AUD/USD + 2.5%	(83)	7	(1,616)	–
AUD/USD – 10.0%	1,287	2,119	7,345	–
AUD/ZAR + 2.5%	(59)	(31)	–	–
AUD/ZAR – 10.0%	269	140	–	–
<i>THE COMPANY</i>				
AUD/USD + 2.5%	(569)	–	(1,616)	–
AUD/USD – 10.0%	3,503	–	7,345	–
AUD/ZAR + 2.5%	–	–	–	–
AUD/ZAR – 10.0%	–	–	–	–

The movement in profit and equity for 2008 is more sensitive due to a higher level of foreign exchange cover in place at 26 July 2008 as compared to 28 July 2007.

There is no movement in equity relating to 2007 as the instruments were not designated cash flow hedges and were ineffective as per the provisions in AASB 139: Financial Instruments: Recognition and Measurement (note 2(v)).

Price risk

The Group's exposure to price risk is minimal.

The Group currently holds shares in listed entities designated as available-for-sale with a fair value of \$84,000 (2007: \$84,000).

Credit risk

The overwhelming majority of the Group's sales are on cash or cash equivalent terms with settlement within 24 hours. As such, the Groups exposure to credit risk is minimal. The Group trades only with recognised, creditworthy third parties. It is the Groups policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party.

Credit risk for the company also arises from financial guarantees that the company acts as guarantor. As at 26 July 2008, the maximum exposure to credit risk of the company is the amount guaranteed as disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial liabilities to forecast cash inflows. Due to the dynamic nature of the business, the Group aims to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts with a variety of counterparties. Surplus funds are only invested in highly liquid cash assets.

Maturities of financial liabilities

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Maturity < 6 months	133,060	60,860	77,695	4,997
Maturity 6–12 months	152,618	4,369	136,328	3,656
Maturity 12–24 months	52,565	121,523	52,565	103,582
Maturity > 24 months	164	236	164	236
	338,407	186,988	266,752	112,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
4 REVENUE				
<i>REVENUE</i>				
Revenue from sale of goods	812,805	759,616	–	–
Revenue from sale of goods to associate	3,332	2,806	–	–
Revenue from sale of goods	816,137	762,422	–	–
<i>OTHER REVENUE</i>				
Membership program fees	718	879	–	–
<i>Interest</i>				
Other persons	1,145	1,577	696	1,247
Associate	272	46	–	–
Wholly-owned controlled entity	–	–	9,171	5,446
Total Interest	1,417	1,623	9,867	6,693
<i>Dividends</i>				
Wholly-owned controlled entity	–	–	52,500	104,000
Other companies	–	2,436	–	–
Total Dividends	–	2,436	52,500	104,000
TOTAL OTHER REVENUE	2,135	4,938	62,367	110,693
TOTAL REVENUE	818,272	767,360	62,367	110,693
<i>OTHER INCOME</i>				
Amortisation of deferred income	3,142	2,678	–	–
Gain on disposal of financial assets	–	477	–	–
Realised foreign exchange gain	96	144	96	144
Other	309	912	187	–
Management charges – wholly-owned group	–	–	26,957	26,129
TOTAL OTHER INCOME	3,547	4,211	27,240	26,273
TOTAL INCOME	821,819	771,571	89,607	136,966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	NOTES	CONSOLIDATED		THE COMPANY	
		52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
5 EXPENSES AND LOSSES					
Profit before income tax expense includes the following specific net losses and expenses:					
Costs of goods sold		332,528	323,661	–	–
<i>DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS</i>					
Depreciation of plant and equipment	11	23,195	19,523	1,626	1,220
Depreciation of plant and equipment under lease	11	130	38	130	18
Impairment of plant and equipment	11	439	271	–	–
TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS		23,764	19,832	1,756	1,238
<i>AMORTISATION OF NON-CURRENT ASSETS</i>					
Amortisation of leasehold premiums		177	179	–	–
TOTAL AMORTISATION OF NON-CURRENT ASSETS		177	179	–	–
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION		23,941	20,011	1,756	1,238
<i>BORROWING COSTS EXPENSED</i>					
Finance charges on capitalised leases		57	20	57	14
Interest charges on bank loans and overdraft		10,813	6,909	9,218	5,446
Provision for discount adjustment on deferred acquisition purchase price		318	–	–	–
TOTAL BORROWING COSTS		11,188	6,929	9,275	5,460
Bad debts		14	60	–	10
Performance rights expense		1,499	278	1,499	278
Realised foreign exchange loss		210	–	–	–
Unrealised foreign exchange loss – loan to associate		283	–	–	–
Unrealised foreign exchange loss – investment in associate		303	–	–	–
Cash flow hedge ineffectiveness		259	–	259	–
Unrealised foreign exchange loss – financial instruments not in designated hedging relationship		3,330	1,825	–	–
Net loss on disposal of plant and equipment		116	193	–	25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
6 INCOME TAX				
The major components of income tax expense are:				
INCOME STATEMENT				
CURRENT INCOME TAX				
Current income tax charge	25,347	26,535	(2,264)	(866)
Adjustments in respect of current income tax of previous years	(122)	11	(4)	(27)
DEFERRED INCOME TAX				
Relating to origination and reversal of temporary differences	(4,186)	233	(2,451)	252
Imputation credits on dividends received	–	(1,043)	–	–
Change in New Zealand tax rate to 30%	212	–	–	–
Other*	662	685	662	685
INCOME TAX EXPENSE/(BENEFIT) REPORTED IN THE INCOME STATEMENT	21,913	26,421	(4,057)	44

* Includes \$250,000 for costs relating to the share buy-back completed in May 2007, initially considered non-deductible.

A reconciliation between tax expense and the accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	71,031	90,312	38,904	103,714
Income tax at the statutory income tax rate of 30% (2006: 30%)	21,309	27,094	11,671	31,114
Adjustments in respect of current income tax of previous years	(122)	11	(4)	(27)
Expenditure not allowable for income tax purposes	1,174	173	26	157
Income not assessable for tax purposes	–	(346)	(15,750)	(31,200)
Gross up income for franking credits	–	313	–	–
Franking credits	–	(1,043)	–	–
Expenditure allowable for income tax purposes	(778)	–	–	–
Change in New Zealand tax rate to 30%	212	–	–	–
Effect of tax rates in foreign jurisdictions	118	219	–	–
INCOME TAX EXPENSE/(BENEFIT) REPORTED IN THE INCOME STATEMENT	21,913	26,421	(4,057)	44

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000

6 INCOME TAX (CONTINUED)

DEFERRED INCOME TAX

DEFERRED TAX LIABILITIES – BALANCE SHEET

Plant and equipment	(1,472)	(895)	(524)	(219)
Intangibles	(990)	(1,066)	–	–
Foreign exchange gains and losses	53	53	53	53
Expenditure deductible for tax purposes over five years	31	42	–	–
Other receivables and prepayments	(556)	(362)	(1)	(1)
Leased plant and equipment	(140)	(129)	(140)	(129)
Other	(9)	3	–	–
TOTAL DEFERRED TAX LIABILITIES	(3,083)	(2,354)	(612)	(296)

DEFERRED TAX LIABILITIES – INCOME STATEMENT (MOVEMENTS)

Plant and equipment	577	103	305	(56)
Intangibles	(24)	77	–	–
Foreign exchange gains and losses	–	10	–	1
Expenditure deductible for tax purposes over five years	12	79	–	98
Other receivables and prepayments	27	361	–	–
Leased plant and equipment	11	129	11	129
Other	–	35	–	–
	603	794	316	172

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000
6 INCOME TAX (CONTINUED)				
<i>DEFERRED TAX ASSETS – BALANCE SHEET</i>				
Plant and equipment	(601)	(130)	–	–
Deferred gains and losses on foreign exchange contracts	1,127	548	1,127	–
Foreign exchange gains and losses	176	413	–	–
Inventory provisions	333	175	–	–
Deferred rent gain	1,920	1,384	2	4
Deferred lease incentive income	2,603	1,943	–	–
Employee provisions	4,239	3,490	5	–
Capital expenditure deductible over five years	1,951	145	1,919	144
Performance rights	751	289	751	289
Other	748	395	59	68
Lease liability	(219)	130	(219)	131
TOTAL DEFERRED TAX ASSETS	13,028	8,782	3,644	636
<i>DEFERRED TAX ASSETS – INCOME STATEMENT (MOVEMENTS)</i>				
Plant and equipment	335	715	–	–
Deferred gains and losses on foreign exchange contracts	(521)	(405)	(1,126)	–
Foreign exchange gains and losses	(229)	(322)	–	–
Inventory provisions	(163)	36	–	–
Deferred rent gain	(440)	(679)	2	(2)
Deferred lease incentive income	(753)	213	–	–
Employee provisions	(546)	(401)	2	–
Intangibles	–	10	–	–
Capital expenditure deductible over five years	(1,932)	(124)	(1,903)	(125)
Performance rights	(95)	212	(95)	212
Other provisions	(795)	314	3	126
Lease liability	350	(130)	350	(131)
	(4,789)	(561)	(2,767)	80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

6 INCOME TAX (CONTINUED)

TAX CONSOLIDATION

Effective 1 August 2004 for the purposes of income taxation, Just Group Limited and its 100% Australian-owned subsidiaries formed a tax consolidated group. Members of the group have a tax-sharing arrangement in order to allocate income tax expense to the 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 payment obligations.

At balance date the possibility of default is remote. The head entity of the tax consolidated group is Just Group Limited.

	CONSOLIDATED		THE COMPANY	
NOTES	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000	52 WEEKS ENDED 26 JULY 2008 \$'000	52 WEEKS ENDED 28 JULY 2007 \$'000

7 TRADE AND OTHER RECEIVABLES

CURRENT

Sundry debtors	3,445	2,070	64	–
<i>Related party receivables</i>				
Associate	800	442	–	–
Carrying amount of trade and other	4,245	2,512	64	–

NON-CURRENT

Wholly-owned entities	–	–	15,948	12,385
<i>Related party receivables</i>				
Loans to associate – interest-bearing	2,420	1,256	–	–
Carrying amount of trade and other	2,420	1,256	15,948	12,385

Impairment losses

Receivables are non-interest-bearing and generally on 30 to 60 day terms. A provision for impairment loss is recognised where there is objective evidence that an individual receivable balance is impaired. No material impairment losses have been recognised by the consolidated entity or the company during the 52 weeks ended 26 July 2008 (2007: \$nil).

Neither, the consolidated entity nor the company has any receivables past due but not considered impaired.

Related party receivables

For terms and conditions of related party receivables refer to Note 29.

Fair value and credit risk

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

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk is disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

8 INVENTORIES

The valuation policy adopted in respect of the following is set out in Note 2(g)

Raw materials	4,459	5,051	–	–
Finished goods	56,012	56,199	–	–
TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	60,471	61,250	–	–

9 OTHER ASSETS

CURRENT

Deposits and prepayments	2,913	2,795	465	909
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10 OTHER FINANCIAL ASSETS

NON-CURRENT

Shares in listed entities at fair value (available-for-sale)	84	84	–	–
Shares in controlled entities at cost	–	–	91,307	91,307
TOTAL OTHER FINANCIAL ASSETS	84	84	91,307	91,307

11 PLANT AND EQUIPMENT

Plant and equipment – at cost	161,510	117,092	11,798	7,481
Less: accumulated depreciation and impairment	(89,675)	(54,832)	(5,567)	(2,723)
Total	71,835	62,260	6,231	3,538
Capitalised leased assets	733	548	615	448
Less: accumulated depreciation	(187)	(57)	(148)	(18)
Total	546	491	467	430
TOTAL PLANT AND EQUIPMENT	72,381	62,751	6,698	3,968

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

NOTES	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11 PLANT AND EQUIPMENT (CONTINUED)				
RECONCILIATIONS				
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:				
<i>Plant and equipment</i>				
Carrying amount at beginning of period	62,260	55,099	3,538	2,394
Additions in normal course of business	34,386	26,870	4,318	2,565
Disposals	(288)	(515)	–	(201)
Movement in carrying value due to foreign currency translation	(889)	600	–	–
Impairment	(439)	(271)	–	–
Depreciation	(23,195)	(19,523)	(1,625)	(1,220)
Carrying amount at end of period	71,835	62,260	6,231	3,538
<i>Leased plant and equipment</i>				
Carrying amount at beginning of period	491	103	430	–
Additions	185	426	167	448
Depreciation	(130)	(38)	(130)	(18)
Carrying amount at end of period	546	491	467	430
TOTAL	72,381	62,751	6,698	3,968

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

12 INTANGIBLES

	CONSOLIDATED				THE COMPANY
	GOODWILL	TRADEMARK	LEASEHOLD PREMIUMS	TOTAL	TRADEMARK
Year ended 26 July 2008					
As at 28 July 2007 net of accumulated amortisation and impairment	75,062	3,594	428	79,084	–
Acquisition of subsidiary (note 23)	14,271	12,116	–	26,387	–
Impairment	–	–	–	–	–
Amortisation	–	–	(177)	(177)	–
Movement in carrying value due to foreign currency translation	–	–	(32)	(32)	–
Additions	–	–	114	114	–
Trademark registrations	–	341	–	341	341
As at 26 July 2008 net of accumulated amortisation and impairment	89,333	16,051	333	105,717	341
As at 26 July 2008					
Cost (gross carrying amount)	104,833	16,051	1,141	122,025	341
Accumulated amortisation and impairment	(15,500)	–	(808)	(16,308)	–
Net carrying amount	89,333	16,051	333	105,717	341
Year ended 28 July 2007					
As at 30 July 2006 net of accumulated amortisation and impairment	75,062	3,559	408	79,029	–
Impairment	–	–	–	–	–
Amortisation	–	–	(179)	(179)	–
Movement in carrying value due to foreign currency translation	–	–	55	55	–
Additions	–	–	144	144	–
Trademark registrations	–	35	–	35	–
As at 28 July 2007 net of accumulated amortisation and impairment	75,062	3,594	428	79,084	–
As at 28 July 2007					
Cost (gross carrying amount)	90,562	3,594	1,024	95,180	–
Accumulated amortisation and impairment	(15,500)	–	(596)	(16,096)	–
Net carrying amount	75,062	3,594	428	79,084	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

NOTES	2008 \$'000	2007 \$'000
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13 INVESTMENT IN ASSOCIATE

Investment in associate	369	1,959
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Just Jeans Group Pty Ltd, a subsidiary of Just Group Limited, has a 50% interest in a joint venture entity Just Kor Fashion Group (Pty) Ltd, which is involved in retailing of the Jay Jays concept in South Africa.

Just Kor Fashion Group (Pty) Ltd is a small proprietary company incorporated in South Africa. Its functional currency is South African rand.

There were no impairment losses relating to the investment in the associate and no capital commitments or other commitments relating to the associate.

The Group's share of the loss in its investment in the associate for the year was \$1,286,911 (2007: \$210,202).

The following table illustrates summarised financial information relating to the Group's investment in Just Kor Fashion Group (Pty) Ltd:

<i>SHARE OF ASSOCIATE'S BALANCE SHEET</i>	2008 \$'000	2007 \$'000
Current assets	2,487	2,460
Non-current assets	1,047	1,070
<i>Total assets</i>	3,534	3,530
Current liabilities	(557)	(476)
Non-current liabilities	(2,608)	(1,224)
<i>Total liabilities</i>	(3,165)	(1,700)
Exchange differences arising from translation	–	129
NET ASSETS	369	1,959

<i>SHARE OF ASSOCIATE'S PROFIT OR LOSS</i>	2008 \$'000	2007 \$'000
Revenue	3,779	845
Profit/(loss) before income tax	(1,287)	(210)
Exchange differences arising from translation	(303)	–
Income tax expense	–	–
Profit/(loss) after income tax	(1,590)	(210)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY		
	NOTES	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
14 TRADE AND OTHER PAYABLES					
<i>CURRENT</i>					
Trade creditors		39,078	29,373	1,604	140
Other creditors and accruals		26,518	21,042	8,655	4,816
TOTAL CURRENT		65,596	50,415	10,259	4,956

Fair values

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

Related party receivables

For terms and conditions of related party payables refer to Note 29.

Interest rate, foreign exchange rate and liquidity risk

Detail regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 3.

15 INTEREST-BEARING LIABILITIES

CURRENT

Lease liability	24	221	144	160	82
Bank loans* unsecured		103,361	–	103,361	–
Bank loans* unsecured (NZ\$20.0 million)		15,565	–	–	–
	28(d)	118,296	–	103,361	–
Plus/(less) directly attributable borrowing costs		56	–	56	–
Net bank loans		118,982	–	103,417	–
TOTAL CURRENT		119,203	144	103,577	82

NON-CURRENT

Bank loans* unsecured		–	103,469	–	103,464
Bank loans* unsecured (NZ\$20.0 million)		–	17,935	–	–
	28(d)	–	121,404	–	103,464
Plus/(less) directly attributable borrowing costs		–	(107)	–	(103)
Net bank loans		–	121,297	–	103,361
Lease liability	24	327	354	327	354
TOTAL NON-CURRENT		327	121,651	327	103,715

*Bank loans are subject to a negative pledge and cross guarantee.

Fair values

The carrying value of the consolidated entities and company's current and non-current borrowings approximate their fair value.

Interest rate, foreign exchange rate and liquidity risk

Detail regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 3.

Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16 PROVISIONS				
<i>CURRENT</i>				
Employee benefits	25	12,032	10,680	–
<i>NON-CURRENT</i>				
Employee benefits	25	988	886	–
17 OTHER LIABILITIES				
<i>CURRENT</i>				
Deferred income	3,059	2,240	5	–
TOTAL CURRENT	3,059	2,240	5	–
<i>NON-CURRENT</i>				
Deferred income	11,811	8,723	3	15
Deferred purchase consideration	4,968	–	–	–
TOTAL NON-CURRENT	16,779	8,723	3	15

18 CONTRIBUTED EQUITY

(a) ISSUED AND PAID UP CAPITAL

Ordinary shares paid in full	13,726	13,720	13,726	13,720
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Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2008		2007	
	NUMBER OF SHARES	\$'000	NUMBER OF SHARES	\$'000
<i>(b) MOVEMENTS IN SHARES ON ISSUE</i>				
Ordinary shares on issue at beginning of the financial year	201,330,882	13,720	218,000,000	15,405
Share buy-back	–	–	(16,669,118)	(1,685)
Tax effect of share buy-back costs*	–	6	–	–
Total shares on issue at end of the financial year	201,330,882	13,726	201,330,882	13,720

The company completed an off-market share buy-back in May 2007. This resulted in the company buying back 16,669,118 (7.65% of issued shares) for total consideration of \$65.0 million. The purchase price for each share bought back was \$3.90, with 10.0 cents allocated to share capital and \$3.80 paid as a fully franked dividend.

Directly attributable costs of \$0.7 million were incurred in relation to the share buy-back. These costs have been apportioned between share capital and retained earnings on the same basis as the share purchase price allocation.

* Costs relating to the share buy-back completed in May 2007, previously thought non-deductible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

18 CONTRIBUTED EQUITY (CONTINUED)

(c) CAPITAL MANAGEMENT

The Group's objective is to maintain an adequate level of gearing that ensures returns to shareholders are maximised whilst retaining sufficient capacity and flexibility to continue to invest and grow the business.

The capital structure of the Group consists of debt which includes borrowings as disclosed in Note 15, cash and cash equivalents as disclosed in Note 28 and equity attributable to the equity holders of the parent comprising of issued capital, reserves and retained profits as disclosed in Notes 18, 19 and 20 respectively.

The Group operates primarily through its subsidiaries established in their respective markets and maintains a central borrowing facility through the parent entity to meet the Group'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 a dividend payout ratio of between 60% and 65% of net profit after tax.

		CONSOLIDATED	
	NOTES	2008 \$'000	2007 \$'000
<i>Dividend Payout Ratio</i>			
Dividends paid/declared	21	21,140	39,259
Net profit after tax		49,118	63,891
Dividend Payout Ratio		43.0%	61.4%

In May 2007, an off-market share buy-back was conducted by the Group. This resulted in shareholders equity reducing by approximately \$65.0 million with the buy-back of 16.7 million shares (7.6% of issued shares), and an increase in the Group's net debt of \$65.0million. No further capital management initiatives have been conducted in the current financial year.

Externally imposed capital requirements

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
19 RESERVES				
Performance rights reserve	(1,810)	(635)	(1,810)	(635)
Foreign currency translation reserve	(3,974)	(2,771)	–	–
Fair value reserve	–	–	–	–
Cash flow hedge reserve	(1,799)	–	(1,799)	–
TOTAL RESERVES	(7,583)	(3,406)	(3,609)	(635)

(a) *PERFORMANCE RIGHTS RESERVE*

(i) *Nature and purpose of reserve*

This reserve is used to record the cumulative amortised value of performance rights issued to key senior employees net of the value of performance shares acquired under the performance rights plan.

(ii) *Movements in the reserve*

Opening balance	(635)	1,670	(635)	1,670
Amortisation of performance rights	1,499	607	1,499	607
After tax cost of on-market share purchase	(2,674)	(2,583)	(2,674)	(2,583)
Reversal of amortisation of forfeited rights	–	(329)	–	(329)
CLOSING BALANCE	(1,810)	(635)	(1,810)	(635)

(b) *FOREIGN CURRENCY TRANSLATION RESERVE*

(i) *Nature and purpose of reserve*

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

(ii) *Movements in the reserve*

Opening balance	(2,771)	(3,036)	–	–
Profit/(loss) on translation arising on consolidation of overseas subsidiaries	(1,203)	265	–	–
CLOSING BALANCE	(3,974)	(2,771)	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

19 RESERVES (CONTINUED)

(c) FAIR VALUE RESERVE

(i) Nature and purpose of reserve

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

(ii) Movements in the reserve

Opening balance	–	2,457	–	–
Revaluation of available-for-sale investments to fair value	–	–	–	–
Disposal of available-for-sale investments	–	(2,457)	–	–
CLOSING BALANCE	–	–	–	–

(d) CASH FLOW HEDGE RESERVE

(i) Nature and purpose of reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(ii) Movements in the reserve

Opening balance	–	–	–	–
After tax gain/(loss) on cash flow hedges	(1,799)	–	(1,799)	–
CLOSING BALANCE	(1,799)	–	(1,799)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
20 RETAINED PROFITS				
Opening balance	42,984	80,799	2,531	567
Net profit attributable to members of the company	49,118	63,891	42,961	103,670
Dividends paid	(41,273)	(37,656)	(41,273)	(37,656)
Tax effect of share buy-back costs*	248	–	248	–
Share buy-back	–	(64,050)	–	(64,050)
CLOSING BALANCE	51,077	42,984	4,467	2,531

* Costs relating to the share buy-back completed in May 2007, previously thought non deductible.

21 DIVIDENDS PAID AND PROPOSED

DIVIDENDS PAID DURING THE YEAR

Final 2007 franked dividend paid 14 November 2007

10.0 cents per share (2006: 8.5 cents per share) 20,133 18,530 20,133 18,530

Interim 2008 franked dividend paid 22 May 2008

10.5 cents per share (2007: 9.5 cents per share) 21,140 19,126 21,140 19,126

TOTAL DIVIDENDS PAID 41,273 37,656 41,273 37,656

PROPOSED DIVIDEND

Final 2008 franked dividend payable nil

(2007: 10.0 cents per share) – 20,133 – 20,133

FRANKING CREDIT BALANCE

The amount of franking credits available for the subsequent financial period are:

Franking account balance as at the end of the financial period at 30% (2007: 30%) 22,944 15,853 22,944 15,853

Franking credits that will arise from the payment of income tax payable as at the end of the financial period 4,646 8,632 4,646 8,632

TOTAL FRANKING CREDIT BALANCE 27,590 24,485 27,590 24,485

The tax rate at which paid dividends have been franked is 30% (2007: 30%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

22 STATEMENT OF OPERATIONS BY GEOGRAPHIC SEGMENT

(a) BUSINESS SEGMENTS

The consolidated entity operates in one business segment, being specialty retailing.

(b) GEOGRAPHIC SEGMENTS

	AUSTRALIA		NEW ZEALAND		UNITED STATES		ELIMINATIONS		CONSOLIDATED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
REVENUE										
Sale of goods	709,940	653,666	105,878	108,756	319	–	–	–	816,137	762,422
Other revenue and income	4,551	8,493	1,131	656	–	–	–	–	5,682	9,149
Segment income	714,491	662,159	107,009	109,412	319	–	–	–	821,819	771,571
RESULT										
Segment result	68,076	81,777	7,026	7,589	(2,415)	–	(1,656)	946	71,031	90,312
Income tax expense									(21,913)	(26,421)
Net profit for the year									49,118	63,891
ASSETS AND LIABILITIES										
Segment assets	263,656	238,997	43,851	30,109	4,895	–	(25,904)	(10,499)	286,498	258,607
Segment liabilities	(223,361)	(202,458)	(24,696)	(12,931)	(1,174)	–	19,953	10,080	(229,278)	(205,309)
OTHER SEGMENT INFORMATION										
Share of loss of associate	(1,287)	(210)	–	–	–	–	–	–	(1,287)	(210)
Investment in associate	369	1,959	–	–	–	–	–	–	369	1,959
Capital expenditure	24,404	23,609	5,991	3,324	2,675	–	–	–	33,070	26,933
Depreciation and amortisation	19,985	16,813	3,435	2,927	82	–	–	–	23,502	19,740
Impairment loss recognised	439	271	–	–	–	–	–	–	439	271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

23 BUSINESS COMBINATIONS

ACQUISITION OF SMIGGLE PTY LIMITED

On 27 August 2007, the Group acquired 100% of the voting shares of Smiggle Pty Ltd, a private company based in Australia specialising in the retail of fashion stationery products. The transaction has been accounted for using the acquisition method of accounting.

The minimum purchase consideration for Smiggle Pty Ltd is \$29.0 million. The total cost of the combination in August 2007 was \$24,655,000 including costs of \$126,000. The balance of the consideration is subject to an earn out agreement based on the average earnings of Smiggle Pty Ltd for 2009 and 2010, of which \$5.8 million (fair value \$4.65 million) has been recognised upon acquisition.

The fair value of the assets and liabilities of Smiggle Pty Ltd as at the date of acquisition are:

NET ASSETS ACQUIRED	RECOGNISED ON	
	ACQUISITION (FAIR VALUE)	CARRYING VALUE
	\$'000	\$'000
Property, plant and equipment	1,615	2,131
Cash and cash equivalents	322	322
Trade and other receivables	532	532
Inventories	1,523	1,523
Other	—	383
Intangible assets	26,260	26,511
	<u>30,252</u>	<u>31,402</u>
Trade and other payables	960	960
Interest-bearing liabilities	85	85
Provisions	28	28
Deferred acquisition purchase price payable	4,650*	5,800
	<u>5,723</u>	<u>6,873</u>
Net assets acquired	24,529	<u>24,529</u>
Costs associated with acquisition	126	
	<u>24,655</u>	
Cost of the combination:		
Cash	24,529	
Costs associated with the acquisition	126	
	<u>24,655</u>	
The cash outflow on the acquisition to date is as follows:		
Net cash acquired with the subsidiary	322	
Cash paid	(24,655)	
Net cash outflow	<u>(24,333)</u>	

From the date of acquisition, Smiggle Pty Ltd has contributed \$2,978,260 to the net profit of the consolidated entity.

* Deferred purchase price payable is classified as other non-current liabilities in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

NOTES	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
24 EXPENDITURE COMMITMENTS				
<i>CAPITAL EXPENDITURE</i>				
<i>Plant and equipment</i>				
Payable within one year	6,753	8,397	–	–
TOTAL CAPITAL EXPENDITURE	6,753	8,397	–	–
<i>LEASE EXPENDITURE COMMITMENTS</i>				
<i>(i) Operating leases</i>				
Payable within one year	111,613	115,520	1,941	2,504
Payable within one to five years	209,784	230,377	–	2,059
Payable in more than five years	13,981	13,369	–	–
Total operating leases	335,378	359,266	1,941	4,563
<i>(ii) Finance leases</i>				
Total lease liability – current	15	221	160	82
Total lease liability – non-current	15	327	327	354
Total finance leases	548	498	487	436
<i>Finance lease commitments</i>				
Payable within one year	266	225	207	158
Payable within one to five years	373	458	371	458
Minimum lease payments	639	683	578	616
Less future finance charges	(91)	(185)	(91)	(180)
TOTAL LEASE LIABILITY	548	498	487	436

Operating leases have an average lease term of five years. Assets, which are the subject of operating leases, include motor vehicles, premises and computers.

Finance leases have an average lease term of four years with the option to purchase the asset at the completion of the lease term for the asset's market value. The average discount rate implicit in the leases is 8.44% (2007: 8.44%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	NOTES	CONSOLIDATED		THE COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
25 EMPLOYEE BENEFITS					
EMPLOYEE BENEFITS					
The aggregate employee entitlement liability is comprised of:					
Accrued wages, salaries and on-costs		4,918	6,288	425	1,975
Provisions – current	16	12,032	10,680	–	–
Provisions – non-current	16	988	886	–	–
TOTAL		17,938	17,854	425	1,975
Number of employees at year end (FTE)		3,310	3,326		

SUPERANNUATION COMMITMENTS

Superannuation payments have been made by the company to complying superannuation plans for the provision of benefits to employees of the Group on retirement, death or disability. Benefits provided under the plan are based on contributions for each employee. Employees contribute various percentages of their gross income. There is no legally enforceable obligation on Group companies to contribute to the superannuation plans above the minimum statutory requirement of 9%.

EMPLOYEE SHARE PLANS

(a) Australian employee share plan

Australian employees were issued shares on 11 May 2004 under the plan established in accordance with Division 13A and Part III of the *Income Tax Assessment Act 1936*, enabling employees to utilise the tax free exemption available under that division. This issue was not applicable to directors and existing management shareholders. No recipient of these shares was permitted to dispose of their shares before the earlier of either three years from the issue date or cessation of employment. The shares were held in a CHES holding lock until the earlier of these events occurring. The three-year holding lock expired on 11 May 2007.

(b) New Zealand employee share plan

New Zealand employees were issued shares on 28 May 2004 under the Just Group Limited Employee Share Acquisition Plan (NZ). The plan established was approved by the Commissioner of Inland Revenue in accordance with section DF7 of the *Income Tax Act 1994*. The plan operates through a trust. The shares are held by the Trustee (Just Group Trustee Limited) for the benefit of participating employees for a restrictive period of three years which expired on 28 May 2007. In accordance with New Zealand tax laws, an employee forfeited their shares if they ceased to be employed during the restrictive period, other than for reasons of sickness, accident, redundancy or retirement at normal retirement age. At the plan's last financial year end (31 March 2008) the number of shares remaining was nil.

Employee shares carry the same rights as ordinary shares listed on the Australian Stock Exchange, including full voting and dividend rights. In 2004, under both the Australian and New Zealand Employee share schemes the company issued a total of 773,500 shares to each of the eligible full-time, part-time and casual employees. Fair value at issue date per share was \$2.10, the issue price of shares of the company at listing date on 7 May 2004.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

25 EMPLOYEE BENEFITS (CONTINUED)

(c) Performance rights

The company has a long-term incentive plan known as Performance Rights Plan (PRP). The PRP provides a remuneration element designed to attract and retain key senior employees and link rewards with the company's long-term performance and maximisation of shareholder wealth.

The initial grant under the PRP to senior executives was made on 28 July 2004 and subsequent grants have been made on 1 October 2004, 1 October 2005, 21 November 2005, 1 October 2006 and 1 October 2007. All offers are made subject to the terms of the PRP rules, which confer various powers to the Board to add to or vary any of the plan rules, subject to the requirements of the Australian Stock Exchange.

An offer under the PRP grants an individual the right to a certain number of ordinary shares in the company. This right may vest and be convertible into shares, conditional on the satisfaction of the "Total Shareholder Return" performance condition.

TERMS AND CONDITIONS FOR EACH GRANT		
	FIRST VESTING DATE	LAST VESTING DATE
Grant 1 – Rights granted 28 July 2004	30 September 2005	30 September 2007
Grant 2 – Rights granted 1 October 2004	30 September 2005	30 September 2007
Grant 3 – Rights granted 1 October 2005	30 September 2006	30 September 2008
Grant 4 – Rights granted 21 November 2005	30 September 2006	30 September 2008
Grant 5 – Rights granted 1 October 2006	30 September 2007	30 September 2009
Grant 6 – Rights granted 1 October 2007	30 September 2008	30 September 2010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

26 KEY MANAGEMENT PERSONNEL

(a) DETAILS OF DIRECTORS AND EXECUTIVES

Directors

Solomon Lew, Director (Non-Executive, Chairman, appointed 22 September 2008)
 Ian Pollard, Director (Non-Executive, Chairman, resigned 26 August 2008)
 Jason Murray, Director (Managing Director)
 Glenys Shearer, Director (Executive, Commercial and Merchandising Womenswear Director)
 Laura Anderson, Director (Non-Executive, resigned 26 August 2008)
 Bronwyn Constance, Director (Non-Executive, appointed 11 April 2008; resigned 26 August 2008)
 Ian Dahl, Director (Non-Executive, resigned 26 August 2008)
 Henry Lanzer, Director (Non-Executive, appointed 22 September 2008)
 Terrence McCartney, Director (Non-Executive, appointed 4 March 2008)
 Michael McLeod, Director (Non-Executive, appointed 4 March 2008)
 Mark Middeldorf, Director (Non-Executive, appointed 22 September 2008)
 Susan Oliver, Director (Non-Executive, resigned 26 August 2008)
 Alison Watkins, Director (Non-Executive, resigned 6 March 2008)

Executives

David Bull (Merchandising Director – Casualwear)
 Ashley Gardner (Chief Financial Officer)
 Rachel Kelly (Retail Director Australia and New Zealand)
 Anita Muller (Human Resources Director)
 Janice Payne (Company Secretary and Corporate Affairs Director)
 Wai Tang (Director – Operations and Peter Alexander Sleepwear)

(b) REMUNERATION OF KEY MANAGEMENT PERSONNEL

	CONSOLIDATED		THE COMPANY		
	NOTES	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits		3,501,683	4,409,208	3,501,683	4,409,208
Post-employment benefits		287,703	1,095,885	287,703	1,095,885
Share-based payments		1,244,820	607,169	1,244,820	607,169
TOTAL		5,034,206	6,112,262	5,034,206	6,112,262

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The shareholdings and share transactions during the period of directors and executives in office as at the end of the period are:

2008	BALANCE 28 JULY 2007 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERFORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 26 JULY 2008 ORDINARY
<i>DIRECTORS</i>					
Ian Pollard	101,852	7,600	–	–	109,452
Jason Murray	509,308	–	106,577	–	615,885
Laura Anderson	33,678	7,685	–	–	41,363
Bronwyn Constance ²	–	7,000	–	–	7,000
Susan Oliver ¹	–	–	–	–	–
Ian Dahl ¹	–	3,923	–	–	3,923
Terrence McCartney ³	–	–	–	–	–
Michael McLeod ³	–	1,883	–	–	1,883
<i>EXECUTIVES</i>					
David Bull	134,100	–	31,153	–	165,253
Ashley Gardner ⁴	–	–	5,953	–	5,953
Rachel Kelly ⁵	16,964	–	–	–	16,964
Anita Muller	63,972	–	48,047	–	112,019
Janice Payne	300,969	–	52,636	–	353,605
Glenys Shearer ⁶	1,173,307	–	74,943	–	1,248,250
Wai Tang	478,949	–	70,442	(300,000)	249,391
TOTAL 2008	2,813,099	28,091	389,751	(300,000)	2,930,941

2007	BALANCE 29 JULY 2006 ORDINARY	SHARE PURCHASE ORDINARY	SHARES ACQUIRED UNDER PERFORMANCE RIGHTS PLAN	SHARE DISPOSAL ORDINARY	BALANCE 28 JULY 2007 ORDINARY
<i>DIRECTORS</i>					
Ian Pollard	91,852	10,000	–	–	101,852
Jason Murray	403,735	–	105,573	–	509,308
Laura Anderson	20,202	13,476	–	–	33,678
Susan Oliver ¹	–	–	–	–	–
Ian Dahl ¹	–	–	–	–	–
Alison Watkins	148,613	–	–	–	148,613
<i>EXECUTIVES</i>					
David Bull	211,441	–	22,659	(100,000)	134,100
Ashley Gardner ⁴	–	–	–	–	–
Anita Muller	9,523	–	54,449	–	63,972
Janice Payne	489,922	–	61,047	(250,000)	300,969
Glenys Shearer ⁶	1,069,767	–	103,540	–	1,173,307
Wai Tang	752,325	–	76,624	(350,000)	478,949
TOTAL 2007	3,197,380	23,476	423,892	(700,000)	2,944,748

¹ Joined the company on 19 July 2007.

² Joined the company on 11 April 2008.

³ Joined the company on 3 January 2007.

⁴ Joined the company on 3 January 2007.

⁵ Joined the executive team during the 2008 financial year.

⁶ Appointed executive director 22 September 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

26 KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

The directors and the executives purchase goods from the consolidated entity through retail stores. These purchases are at a discount on the retail price, but are on the same terms and conditions as those available to other employees.

From time to time the company purchases goods and/or services from director-related entities on normal commercial terms and conditions.

27 AUDITOR'S REMUNERATION

	CONSOLIDATED		THE COMPANY	
	52 WEEKS ENDED 26 JULY 2008 \$	52 WEEKS ENDED 28 JULY 2007 \$	52 WEEKS ENDED 26 JULY 2008 \$	52 WEEKS ENDED 28 JULY 2007 \$
Amounts received or due and receivable by the auditor for audit services:				
Audit and review of financial reports	220,000	200,000	220,000	200,000
Amounts received or due and receivable by the auditor for other services:				
Taxation advice	181,110	120,350	181,110	120,350
Workers compensation certificates	–	3,500	–	3,500
Risk management advice	126,732	–	126,732	–
Other	8,195	–	8,195	–
Total – Other services	316,037	123,850	316,037	123,850
TOTAL AUDITOR'S REMUNERATION	536,037	323,850	536,037	323,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
28 NOTES TO THE CASH FLOW STATEMENT				
(a) RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	5,950	14,634	380	607
Short-term deposits	17,700	23,500	17,700	23,500
TOTAL CASH ASSETS AND CASH EQUIVALENTS	23,650	38,134	18,080	24,107
(b) RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET PROFIT				
Net profit	49,118	63,891	42,961	103,670
<i>Adjustments for:</i>				
Amortisation	177	179	—	—
Depreciation and impairment	23,764	19,832	1,756	1,278
Foreign exchange gain	(96)	—	(96)	—
Share of associate's net (profit)/loss	1,287	210	—	—
Provision discount adjustment on deferred payables	318	—	—	—
Finance charges on capitalised leases	57	20	57	—
Loss on sale of non-current assets	116	193	—	25
Gain on disposal of financial assets	—	(477)	—	—
Management charges	—	—	(26,957)	(26,129)
Bad debts	14	60	—	10
Movement in performance rights reserve	(1,175)	(2,307)	(1,175)	(2,307)
Movement in cash flow hedge reserve	(1,799)	—	(1,799)	—
Net exchange differences	(1,856)	1,151	—	—
Dividend income classified as investing cash flow	—	(2,436)	(52,500)	(104,000)
Inter-company interest	—	—	(9,171)	(5,446)
<i>Changes in assets and liabilities net of the effects from acquisition and disposal of businesses:</i>				
Increase/(decrease) in employee benefits	1,427	1,388	—	—
Increase/(decrease) in deferred tax liabilities	729	813	316	172
Increase/(decrease) in trade and other payables	14,227	2,628	5,302	1,024
Increase/(decrease) in derivative financial liabilities	1,929	1,349	3,754	—
Increase/(decrease) in income tax payable	(1,934)	705	(1,665)	(193)
Increase/(decrease) in deferred income	3,907	648	(6)	9
(Increase)/decrease in trade and other receivables	(1,201)	(1,486)	(64)	10
(Increase)/decrease in prepayments	(118)	(327)	444	(301)
(Increase)/decrease in inventories	2,301	4,609	—	—
(Increase)/decrease in derivative financial assets	(1,220)	—	(1,220)	—
(Increase)/decrease in deferred tax assets	(4,246)	(883)	(3,008)	211
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	85,726	89,760	(43,071)	(31,967)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

28 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(c) NON-CASH FINANCING AND INVESTING ACTIVITIES

Finance lease transactions:

During the financial period the consolidated entity acquired \$85,164 plant and equipment through the acquisition of Smiggle Pty Ltd (Note 23) (2007: \$447,931) by means of finance lease.

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>(d) FINANCE FACILITIES</i>				
Working capital facility				
Used	—	—	—	—
Unused	20,000	20,000	20,000	20,000
	20,000	20,000	20,000	20,000
Finance facility				
Used	118,296	121,404	103,361	103,464
Unused*	20,000	20,000	20,000	18,595
	138,296	141,404	123,361	122,059
Leasing facility				
Used	548	498	487	436
Unused	—	—	—	—
	548	498	487	436
Total facilities				
Used	118,844	121,902	103,848	103,900
Unused	40,000	40,000	40,000	38,595
TOTAL	158,844	161,902	143,848	142,495

* The unused portion of the finance facility may only be used to fund permitted acquisitions, in accordance with the banking subscription agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

29 RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Just Group Limited and the subsidiaries listed in the following table:

(a) SUBSIDIARIES

	COUNTRY OF INCORPORATION	CLASS OF SHARE	INTEREST HELD	
			2008 %	2007 %
Just Jeans Group Pty Limited	Australia	Ordinary	100	100
Just Jeans Pty Limited	Australia	Ordinary	100	100
Jay Jays Trademark Pty Limited	Australia	Ordinary	100	100
Just-Shop Pty Limited	Australia	Ordinary	100	100
Peter Alexander Sleepwear Pty Limited	Australia	Ordinary	100	100
Old Blues Pty Limited	Australia	Ordinary	100	100
Kimbyr Investments Limited	New Zealand	Ordinary	100	100
Underground Fashions Limited	New Zealand	Ordinary	100	100
Skelton Manufacturing (1995) Limited	New Zealand	Ordinary	100	100
Jacqui E Pty Limited	Australia	Ordinary	100	100
Jacqueline-Eve Fashions Pty Limited	Australia	Ordinary	100	100
Jacqueline-Eve (Hobart) Pty Limited	Australia	Ordinary	100	100
Jacqueline-Eve (Retail) Pty Limited	Australia	Ordinary	100	100
Jacqueline-Eve (Leases) Pty Limited	Australia	Ordinary	100	100
Sydleigh Pty Limited	Australia	Ordinary	100	100
Old Favourites Blues Pty Limited	Australia	Ordinary	100	100
Urban Brands Pty Ltd	Australia	Ordinary	100	100
Portmans Pty Limited	Australia	Ordinary	100	100
Dotti Pty Ltd	Australia	Ordinary	100	100
Peter Alexander USA Inc.	United States	Ordinary	100	100
Smiggle Pty Limited	Australia	Ordinary	100	—
Just Group International Pty Limited*	Australia	Ordinary	100	—
Just Group USA Inc.*	United States	Ordinary	100	—
Smiggle USA Inc.*	United States	Ordinary	100	—
Just UK International Limited*	United Kingdom	Ordinary	100	—
ETI Holdings Limited*	New Zealand	Ordinary	100	—
RSCA Pty Limited*	Australia	Ordinary	100	—
RSCB Pty Limited*	Australia	Ordinary	100	—

* Not trading.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

29 RELATED PARTY DISCLOSURES (CONTINUED)

(b) TRANSACTIONS WITH SUBSIDIARIES

Just Group Limited is the ultimate parent company.

- (i) During the year Just Group Limited received interest of \$9,171,182 (2007: \$5,446,284) from entities within the wholly-owned Group.
- (ii) Just Group Limited charges a management fee to entities within the wholly-owned Group for services provided. The management fee is based on costs incurred by Just Group Limited. Amounts charged are shown in Note 4.
- (iii) During the year Just Group Limited received dividends totalling \$52,500,000 (2007: \$104,000,000) from subsidiary Just Jeans Group Pty Ltd.
- (iv) Loans receivable and payable from wholly-owned entities are disclosed in Notes 7 and 14.

(c) TRANSACTIONS WITH ASSOCIATES

- (i) During the year associate Just Kor Fashion Group (Pty) Ltd purchased goods from the Group in the amount of \$3,331,961 (2007: \$2,805,449). Transactions are priced on an arm's-length basis.
- (ii) The Group charged Just Kor Fashion Group (Pty) Ltd a management fee for services provided in the amount of \$170,499 (2007: \$94,802).
- (iii) As a result of the above transactions the Group has a receivable of \$799,617 (2007: \$442,210) from Just Kor Fashion Group (Pty) Ltd at year end as disclosed in Note 7.
- (iv) During the year the Group provided a loan of ZAR10.0 million (\$1,446,278) (2007: ZAR7.5 million (\$1,255,969)) to Just Kor Fashion Group (Pty) Ltd. The loan is denominated in South African rand. Interest is charged at a commercial rate and payable monthly. Total interest received on the loan for the financial year was \$271,865 (2007: \$45,801) as disclosed in Note 4.

(d) KEY MANAGEMENT PERSONNEL

Details relating to key management personnel including remuneration paid are included in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

30 DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to the wholly-owned subsidiaries listed below from the Corporations law requirements for preparation, audit and lodgement of financial reports.

As a condition of the class order, the company and each of the controlled entities listed below (the "Closed Group") entered into a Deed of Cross Guarantee. The effect of the deed is that the company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations law. If a winding up occurs under other provisions of the law, the company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the company is wound up.

The subsidiaries, which are members of the Closed Group, are:

Just Jeans Group Pty Limited

Just Jeans Pty Limited

Sydney Pty Limited

Old Favourites Blues Pty Limited

Jay Jays Trademark Pty Limited

Just-Shop Pty Limited

Jacqui E Pty Limited

Jacqueline-Eve Fashions Pty Limited

Jacqueline-Eve (Hobart) Pty Limited

Jacqueline-Eve (Retail) Pty Limited

Jacqueline-Eve (Leases) Pty Limited

Urban Brands Pty Ltd

Portmans Pty Limited

A consolidated income statement and consolidated balance sheet of the entities, which are members of the Closed Group, are set out on the following page.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	2008 \$'000	2007 \$'000
30 DEED OF CROSS GUARANTEE (CONTINUED)		
<i>INCOME STATEMENT</i>		
Profit before income tax	48,836	83,677
Income tax expense	(15,378)	(21,661)
Profit after income tax	33,458	62,016
Retained profits at beginning of period	27,268	66,958
Dividends provided for or paid	(41,273)	(37,656)
Share buy-back	248	(64,050)
Retained profits at end of period	19,701	27,268
<i>BALANCE SHEET</i>		
Cash and cash equivalents	19,249	28,019
Trade and other receivables	11,846	55,458
Inventories	45,268	47,640
Other	2,818	2,267
Total current assets	79,181	133,384
Other financial assets	33,865	5,301
Plant and equipment	44,159	44,014
Intangible assets	80,027	79,705
Deferred tax assets	9,456	6,219
Total non-current assets	167,507	135,239
TOTAL ASSETS	246,688	268,623
Trade and other payables	82,876	95,658
Interest-bearing liabilities	103,577	144
Income tax payable	2,238	8,103
Provisions	11,267	10,026
Other	5,854	1,674
Total current liabilities	205,812	115,605
Interest-bearing liabilities	327	103,716
Deferred tax liabilities	1,940	1,639
Provisions	976	859
Other	7,815	6,453
Total non-current liabilities	11,058	112,667
TOTAL LIABILITIES	216,870	228,272
<i>NET ASSETS</i>	29,818	40,351
Contributed equity	13,726	13,718
Reserves	(3,609)	(635)
Retained profits	19,701	27,268
TOTAL EQUITY	29,818	40,351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

	CONSOLIDATED		THE COMPANY		
	NOTES	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
31 DERIVATIVE FINANCIAL INSTRUMENTS					
<i>CURRENT ASSETS</i>					
Forward currency contracts – cash flow hedges		84	–	84	–
Foreign currency options – cash flow hedges		501	–	501	–
		585	–	585	–
<i>NON-CURRENT ASSETS</i>					
Forward currency contracts – cash flow hedges		86	–	86	–
Foreign currency options – cash flow hedges		549	–	549	–
		635	–	635	–
<i>CURRENT LIABILITIES</i>					
Forward currency contracts – not in designated hedging relationship		–	1,825	–	–
Forward currency contracts – cash flow hedges		2,711	–	2,711	–
Foreign currency options – cash flow hedges		981	–	981	–
		3,692	1,825	3,692	–
<i>NON-CURRENT LIABILITIES</i>					
Forward currency contracts – cash flow hedges		62	–	62	–
Foreign currency options – cash flow hedges		–	–	–	–
		62	–	62	–

(a) *INSTRUMENTS USED BY THE JUST GROUP*

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to short and long-term fluctuations in foreign exchange rates in accordance with the Group's financial risk management policies (refer to Note 3).

(i) *Forward currency contracts – cash flow hedges*

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

These contracts are hedging highly probably forecasted purchases and are timed to mature when payments are scheduled to be made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) INSTRUMENTS USED BY JUST GROUP (CONTINUED)

(i) Forward currency contracts – cash flow hedges (continued)

The cash flows are expected to occur between one to twenty four months from 1 August 2008 and the profit and loss within cost of sales will be affected over the next couple of years as the inventory is sold. At balance date, the details of the outstanding contracts are:

	CONSOLIDATED				THE COMPANY			
	2008 \$'000	2007 \$'000	2008	2007	2008 \$'000	2007 \$'000	2008	2007
<i>Buy USD / Sell AUD</i>	NOTIONAL AMOUNTS \$AUD		AVERAGE EXCHANGE RATE		NOTIONAL AMOUNTS \$AUD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	33,322	56,607	0.8827	0.8196	33,322	—	0.8827	—
Maturity 6 – 12 months	22,158	—	0.9026	—	22,158	—	0.9026	—
Maturity 12 – 24 months	33,994	—	0.9002	—	33,994	—	0.9002	—
<i>Buy USD / Sell NZD</i>	NOTIONAL AMOUNTS \$NZD		AVERAGE EXCHANGE RATE		NOTIONAL AMOUNTS \$NZD		AVERAGE EXCHANGE RATE	
Maturity < 6 months	12,633	1,698	0.7360	0.7475	12,633	—	0.7360	—
Maturity 6 – 12 months	2,466	—	0.7300	—	2,466	—	0.7300	—
Maturity 12 – 24 months	5,716	—	0.7348	—	5,716	—	0.7348	—

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and any gain or loss on the contracts attributable to the hedge risk is taken directly to equity.

The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flow hedge ineffectiveness recognised immediately in profit and loss*	151	—	151	—

* The amount is included in other expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Foreign exchange options – cash flow hedges

The majority of the Group's inventory purchases are denominated in US dollars. In order to protect against exchange rates movements, the Group has entered into foreign exchange vanilla and collared options to purchase US dollars.

These contracts are hedging highly probably forecasted purchases and are timed to expire when payments are scheduled to be made.

The cash flows are expected to occur between one to twenty four months from 1 August 2008 and the profit and loss within cost of sales will be affected over the next couple of years as the inventory is sold. At balance date, the details of the outstanding contracts are:

	CONSOLIDATED				THE COMPANY			
	2008 \$'000	2007 \$'000	2008	2007	2008 \$'000	2007 \$'000	2008	2007
<i>Buy USD / Sell AUD</i>								
	NOTIONAL AMOUNTS \$AUD*		AVERAGE EXCHANGE RATE		NOTIONAL AMOUNTS \$AUD*		AVERAGE EXCHANGE RATE	
Maturity < 6 months	24,198	–	0.9133	–	24,198	–	0.9133	–
Maturity 6 – 12 months	4,301	–	0.9300	–	4,301	–	0.9300	–
Maturity 12 – 24 months	13,959	–	0.9600	–	13,959	–	0.9600	–

* Contracted cash flows is based on a AUD/USD spot rate of 0.9561 at balance date.

The Group designates the intrinsic value component of the foreign currency vanilla and collared options value as the hedging instrument in the hedge relationship. The hedging instrument is considered to be highly effective hedges as they are matched against forecast inventory purchases and any gain or loss on the intrinsic value attributable to the hedge risk is taken directly to equity. Movements in the time-value component of the foreign currency vanilla and collared options value is recognised immediately in profit and loss.

The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

	CONSOLIDATED		THE COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flow hedge ineffectiveness recognised immediately in profit and loss*	108	–	108	–

* The amount is included in other expenses.

(b) INTEREST RATE RISK

Information regarding interest rate exposure is set out in Note 3.

(c) CREDIT RISK

Information regarding credit risk exposure is set out in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 26 JULY 2008 (CONTINUED)

32 EARNINGS PER SHARE

	2008 \$'000	2007 \$'000
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net profit	49,118	63,891
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	201,330,882	214,072,482

The performance rights do not have a dilutive effect for the purposes of the calculation of the diluted earnings per share.

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.

33 SUBSEQUENT EVENTS

On 8 August 2008, Premier Investments Limited obtained a controlling interest in the shares of Just Group Limited following an off-market takeover offer for all of the Group's shares that commenced on 31 March 2008.

At the date of this report, the directors and management of Just Group Limited have identified the following consequences resulting from this change of control on the future financial performance and operations of the company:

- (i) review events were triggered in relation to the company's financing facilities which may give rise to increased financing costs, withdrawal of facilities or changes to terms; and
- (ii) certain leases require landlord consent to a change of control.

The Group has been discussing these matters with the relevant parties and remains confident that there will be no material change to the Group's financial position as presented in these financial statements as a result of the change of control.

34 CONTINGENT LIABILITIES

The consolidated entity has bank guarantees totalling \$2,939,397 (2007: \$1,571,748).

The company acts as guarantor for the NZ\$20.0 million bank loans that have been drawn by its subsidiary, Kimbyr Investments Limited. The company has not provided for this financial guarantee as it believes Kimbyr Investments Limited will be able to meet the terms and repayment dates of the loan.

Under the terms of the shareholder agreement Just Kor Fashion Group (Pty) Ltd, the company's associate operating in South Africa, has the right to call on each shareholder for additional funding of up to ZAR15.0 million each. The company has not provided for this obligation in this financial report.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Just Group Limited we state that:

- (1) In the opinion of the directors:
 - (a) the financial report of the company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 26 July 2008 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and *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.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ended 26 July 2008.
- (3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Solomon Lew
Chairman

22 September 2008



Jason Murray
Managing Director

22 September 2008

INDEPENDENT AUDIT REPORT TO MEMBERS OF JUST GROUP



■ Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

■ Tel 61 3 9288 8000
Fax 61 3 8650 7777

GPO Box 67
Melbourne VIC 3001

Independent auditor's report to the members of Just Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Just Group Limited, which comprises the balance sheet as at 26 July 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under
Professional Standards Legislation

INDEPENDENT AUDIT REPORT TO MEMBERS OF JUST GROUP



Independence

In conducting our audit we have met the independence requirements of 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 directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Just Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of Just Group Limited and the consolidated entity at 26 July 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rob Perry'.

Rob Perry
Partner
Melbourne

Date: 22 September 2008

CORPORATE DIRECTORY

ABN 97 096 911 410

DIRECTORS

Solomon Lew (Chairman)
Jason Murray (Managing Director)
Terrence McCartney (Non-Executive Director)
Michael McLeod (Non-Executive Director)
Mark Middeldorf (Non-Executive Director)
Henry Lanzer (Non-Executive Director)
Glenys Shearer (Executive Director)

COMPANY SECRETARY

Janice Payne

EXECUTIVE MANAGEMENT TEAM

David Bull (Merchandising Director – Casualwear)
Ashley Gardner (Chief Financial Officer)
Rachel Kelly (Retail Director Australia and New Zealand)
Anita Muller (Human Resources Director)
Janice Payne (Corporate Affairs Director)
Wai Tang (Director – Operations and Peter Alexander Sleepwear)

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National Australia Bank
Westpac Banking Corporation

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LAWYERS

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dotti.

Portmans

JACQUIE

peteralexander

smiggle®

