NONI B

— 2014 —

ANNUAL REPORT

— CORPORATE DIRECTORY —

DIRECTORS

Joycelyn Morton	Non-Executive Chairman
Scott Evans	Chief Executive Officer and Managing Director (Appointed 1 November 2014)
Alan Kindl	Non-Executive Director
Leo Tutt	Non-Executive Director
Richard Facioni	Non-Executive Director (Appointed 4 November 2014)
David Wilshire	Non-Executive Director (Appointed 4 November 2014)
James Kindl	Joint Managing Director (Resigned 4 November 2014)
David Kindl	Joint Managing Director (Resigned 4 November 2014)

COMPANY SECRETARY
Ann Phillips

REGISTERED OFFICE
Noni B Limited
10 Garling Road
Kings Park NSW 2148

Telephone: (02) 8822 5333
Facsimile: (02) 8822 5300

ABN: 96 003 321 579

SHARE REGISTRY
Computershare Registry Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
Telephone: (08) 8236 2300
Facsimile: (08) 8236 2305

AUDITORS
BDO
1 Margaret Street
Sydney NSW 2000

BANKERS
National Australia Bank
255 George Street
Sydney NSW 2000

STOCK EXCHANGE LISTING
Noni B Limited shares are quoted
on the Australian Securities Exchange

ASX code: NBL

ANNUAL GENERAL MEETING
The Annual General Meeting will be held at:
BDO Chartered Accountants
Level 11
1 Margaret Street
Sydney NSW 2000
on Friday 12th December 2014 at 11.00am.

For full details of the meeting and proxy form
see enclosed documents.

NONI B, FOUNDED IN 1977, IS ONE OF AUSTRALIA'S LEADING FASHION RETAILERS, WITH 212 STORES COVERING EVERY STATE AND THE A.C.T. AND A WEBSHOP.

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WE HAVE A REPUTATION FOR SUPERIOR SERVICE, STYLE AND FIT.

OUR DEDICATED TEAM IS PASSIONATE ABOUT PROVIDING WOMEN WITH AN INSTORE EXPERIENCE WHERE PERSONALISED ADVICE IS THE BASIS OF GREAT CUSTOMER SERVICE. OUR STYLES ARE DESIGNED TO MAKE OUR CUSTOMERS LOOK AND FEEL GOOD THROUGHOUT THE DAY AND EVENING, EVEN WHEN THEY TRAVEL. THE EXCLUSIVE NONI B AND LIZ JORDAN DESIGNER COLLECTIONS OFFER CLASSIC AND STYLISH CONTEMPORARY FASHION FOR TODAY'S WOMAN.

2014 ANNUAL REPORT

— CHAIRMAN'S REPORT —

The board is pleased to report that on 29 October Alceon Bidco ("Alceon") declared its offer for Noni B final and free from all conditions. Accepting shareholders will receive 51 cents cash for each Noni B share held. Alceon has also announced that it intends to pay shareholders who have accepted the offer, two weeks earlier than initially proposed if acceptances exceed 75% of the share capital on 7 November. At the time of writing, Alceon has received acceptances in respect of 62.02% of shares, and all directors have accepted the offer.

As shareholders will be aware, we announced at the beginning of April that sales for the March quarter had been 14% below the previous corresponding period. Promotions in April and May were unsuccessful in stimulating demand, due partly to unseasonably warm weather which affected sales of the new winter ranges, and partly to reduced spending by Noni B's core customers following the federal budget.

As a result, at the end of May, we advised that Noni B expected to report an after-tax loss of between $1.8 million and $2.2 million for FY2014 before any audit adjustments, compared with an after-tax profit before audit adjustments of $1.5 million for FY2013. In addition, we announced our intention to write off the remaining intangible assets on the balance sheet, leading to a charge of approximately $5.5 million.

The board appointed a sub-committee consisting of the two independent directors – Leo Tutt and myself – to discuss the company's capital structure with the Kindl family and to assess strategic alternatives, including approaches by third parties. TC Corporate was appointed financial adviser to Noni B.

Audited accounts for FY2014, released at the end of August, showed sales of $112.1 million, down by 7.7%, and an after-tax loss of $2.3 million. After impairment and amortisation of intangibles totalling $5.6 million, the statutory loss was $7.8 million after tax. The company's cash balance had fallen to $5.3 million from $9.9 million at 30 June 2013. We also reported that the company's performance had remained weak in July and August.

On the basis of the company's first half profit, an interim dividend of 1.5 cents per share fully franked was paid to shareholders in March, but no final dividend was declared.

On 3 September the Alceon offer of 51 cents was announced. The offer, which was recommended unanimously by Noni B's directors who held approximately 42% of the company's shares, represented a premium of 32% over the closing price on the day before the strategic review was announced and a premium of 13% over the closing price of Noni B's shares before the offer was announced.

Alceon has stated that, subject to a review of Noni B's business, it intends to retain current employees. As anticipated in the bidder's statement, James Kindl and David Kindl will step down as joint managing directors and resign from the board, and they will assume senior executive positions in the company. We thank them for their service to the company as managing directors and wish them well in their new roles.

Scott Evans will be appointed chief executive officer and managing director on 1 November 2014. I congratulate Scott and welcome him to Noni B and wish him success in restoring the company to an acceptable level of profitability. Scott has over 20 years experience in womenswear and menswear retailing; in Australia, he has been CEO of Bras N Things and general manager of Millers and Crossroads, and internationally he has been joint managing director of Greenwoods Menswear and has held roles with Poundstretcher and Marks & Spencer.

We will also welcome two Alceon representatives, Richard Facioni and David Wilshire, as non-executive directors of Noni B.

Alceon has announced that, when in control of the company, it intends to review the future working capital requirements of Noni B and to propose the acquisition by Noni B of Universal Retail Brands, which owns the Queenspark and Events women's fashion brands and operates 44 stores. Subject to the outcome of that review, a capital raising may be necessary, most likely in the form of a rights issue, and those who remain shareholders will be invited to participate in that capital raising.

Alan Kindl, who founded Noni B in 1977, will retire from the board at the annual general meeting. I would like to congratulate him on building the company from two stores into an iconic brand with more than 200 stores and a strong position in the women's fashion market. It was a great achievement, of which he can be proud, and I would like to thank him for his support during my time as chairman.

The board welcomes the offer from Alceon which we believe will provide a way forward and will ensure Noni B can remain in business, and I encourage shareholders to consider carefully the directors' recommendation that they accept Alceon's offer.

I would like to thank all members of the Noni B team for their hard work and remaining focused on providing excellent service to our customers during a difficult period when speculation on the company's future presented an additional challenge.

JMorton

Joycelyn Morton
Chairman

30 October 2014

— JOINT MANAGING DIRECTORS' REVIEW —

Noni B's performance in FY2014 was unsatisfactory.

Sales during the first half of the year were 3.0% below the first half of the previous year. Gross margin during the period, however, was slightly higher and expenses remained under control, resulting in an after-tax profit of $1.9 million for the first half, 2.8% below the previous corresponding period.

We aimed to maintain this margin improvement in the second half, but consumers' expectations of substantial discounts when buying clothes led to a significant fall in sales in the third quarter. In response, we reviewed all aspects of the business and undertook detailed research into customers' changing requirements through focus groups and an online questionnaire.

As a result, we refocused the business on Noni B's traditional customer demographic, reduced ranges and re-priced them in line with customer expectations. We also commissioned a retail strategist to develop, with the management team, new strategies for FY2015, many of which are being implemented now.

Further longer-term strategies around branding investment and store capital works are being considered, subject to cash flow requirements.

To stimulate demand in the fourth quarter, we arranged additional discount promotions. Regrettably, the warm start to winter and the negative impact of the federal budget in May depressed consumer demand further and sales for the full year were 7.7% below FY2013. Lower margins in the second half resulted in an average gross margin of 58.9% for the year, compared with 59.4% the previous year.

Expenses remained under control, reducing by 1.1% for the year. Sales expenses, including store wage costs and marketing costs, decreased by $0.6 million (1.8%) to $33.3 million; occupancy expenses, including rents and depreciation of store fit-outs, increased by $0.7 million (2.3%) to $31.4 million; and administration expenses decreased by $0.9 million (10.3%) to $7.4 million.

Following a reduction in inventory at the end of FY2013, inventory remained under control throughout the year, and at 29 June 2014 totalled $11.8 million, 13.3% below the previous year.

Noni B's cash balance at 29 June 2014 was $5.3 million, compared with $9.9 million at 30 June 2013. In line with the reduction in revenue in the second half, there was a cash outflow from operating activities of $2.1 million, compared with a cash inflow of $6.1 million in FY2013. Cash outflow from investing activities, primarily the cost of store fit-outs and refurbishments, reduced to $1.9 million in FY2014 from $3.5 million in FY2013, due to lower store openings, refurbishments and relocations. Cash outflow from financing activities decreased to $0.6 million from $2.1 million in FY2013, reflecting lower dividends.

During the year, we continued to consolidate our store network. Two stores were opened in Victoria and South Australia, and nine underperforming stores were closed: three in New South Wales; two in Victoria; and one each in Queensland, South Australia, Western Australia and the Northern Territory. At 29 June 2014, there were 212 stores in shopping centres and high streets in all Australian states and the ACT: 76 in New South Wales; 41 in Queensland; 38 in Victoria; 29 in Western Australia; 17 in South Australia; 6 in Tasmania; and 5 in the ACT.

While our recent results have been disappointing, we have maintained the high standard of service in our stores and we believe Noni B is well placed to improve its performance as the strategic initiatives adopted during the past six months take effect. We welcome Scott Evans to the company and look forward to working with him to restore our customers' confidence in our products.

We appreciate that the changes that are taking place may be unsettling for our people, and we thank them for their determination to help us overcome our current market challenges. Noni B is a great company and, we are confident, it has great potential.

David Kindl
Joint Managing Director

James Kindl
Joint Managing Director

30 October 2014

Your directors present their report on Noni B Limited ("the company") and its controlled entities for the financial year ended 29 June 2014.

DIRECTORS

The details of the company directors in office during the whole of the financial year and until the date of this report are as follows:

Joycelyn Morton – Chairman Non-executive Director

Joycelyn Morton was appointed Chair in May 2013, after serving as a non-executive director since January 2009.

Joycelyn is a non-executive director and member of the Audit Committee of Argo Investments Limited and a non-executive director and Chair of the Audit, Risk and Compliance Committee of Thorn Group Limited (appointed Chair on 26 August 2014). Joycelyn is also a non-executive director of Snowy Hydro Limited. Prior to their takeovers in 2011 she was also a non-executive director of Crane Group Limited and Count Financial Limited.

Joycelyn is a director of the Divisional Board and Board of Advice of the Business School of the University of Sydney. From 2005 – 2011, Joycelyn was also the Australian board member of the International Federation of Accountants.

Joycelyn has extensive business experience having worked both in Australia and internationally in a number of senior roles including Vice-President, Accounting Services for Shell International based in the Netherlands. Former National President of both CPA Australia and the Australian Council of Professions she has served on many committees and councils in both the private and government sectors.

She holds a Bachelor of Economics degree from the University of Sydney, is a Life Member and Fellow of CPA Australia, and Fellow of the Institute of Chartered Accountants in Australia, the Australian Institute of Company Directors and the Governance Institute of Australia.

Alan Kindl – Non-executive Director

Alan Kindl, with a partner in 1977, acquired two women's fashion stores at Belmont and Swansea NSW which were the foundation of Noni B Limited. In 1989, the Kindl family became the sole owner of Noni B and Alan set a strategy for the direction and future growth of the company. The strategy was for Noni B to become the best fashion chain in Australia and culminated in the 2000 ASX listing of the company.

In April 2008, after over 30 years at the helm, and as a result of a succession strategy, Alan handed over management to his sons David and James. He remains on the Noni B Board as a non-executive director.

Alan has a Bachelor of Science degree from the University of New South Wales.

He is active in community affairs and has served for many years as a board member of the Board of Advice for the Hills Private Hospital.

He was also a councillor with the Australian Retailers Association of New South Wales.

Alan is a Melvin Jones Fellow for dedicated humanitarian services to the Lions Club International Foundation and has been awarded a Lifetime Achievement award.

Leo Tutt – Non-executive Director

Leo Tutt was appointed an independent non-executive director in May 2013. He Chairs the Audit and Risk Management and Remuneration Committees.

Leo has extensive business experience at both executive and directorship level in Australia and the UK, most recently as Chairman of Crane Group Limited and as a director of Suncorp-Metway Limited.

Prior Chairmanships of ASX listed companies include Promina Group Limited, ITG Limited, Pirelli Cables Limited and MIM Holdings Limited. Leo's UK directorships included REXHAM PLC (formerly Bowater PLC) and Friends Provident Life Office.

Leo is currently the President of the Meniere's Research Fund Inc and the Treasurer of the Women's College within the University of Sydney.

He is also a Fellow of each of the Australian Institute of Chartered Accountants, CPA Australia, Australian Institute of Management and the Australian Institute of Company Directors. Leo is also an Honorary Fellow of the University of Sydney.

David Kindl – Joint Managing Director

David Kindl commenced employment with Noni B in 1996 and was appointed a director in May 1998. David was appointed Joint Managing Director in April 2008. He is responsible for strategy, finance, administration, information technology, distribution, property and investor relations, he is also the workplace health and safety officer. Since joining Noni B he has held roles as chief financial officer and company secretary, property and marketing manager and general manager of retail operations. He is chairman of the executive committee.

Previously, David held several positions within the Lend Lease group in finance and property related roles. He has a Bachelor of Economics degree from the University of Sydney and is a CPA. He is an affiliate of the Governance Institute of Australia and is a Fellow of the Australian Institute of Company Directors, having been awarded a Company Directors Course Diploma with Order of Merit in 2010.

James Kindl – Joint Managing Director

James Kindl joined Noni B in June 1992 and has been a director since May 1998. He has been Joint Managing Director of Noni B since April 2008. He is responsible for store operations, buying and marketing. James has previously held roles as Accountant, Buying Controller, General Manager Buying and Marketing and General Manager Noni B Stores. He is a member of the executive committee.

He has a Bachelor of Economics degree from the University of Sydney. Prior to joining Noni B, he was employed by the chartered accounting firm KPMG and by Coca-Cola Amatil Limited.

COMPANY SECRETARY

Ann Phillips – Chief Financial Officer and Company Secretary

Ann Phillips joined Noni B in October 2008. In August 2010 Ann was appointed chief financial officer and company secretary. Ann has more than 25 years experience in finance and accounting. She has a Bachelor of Business degree (Accounting) from the University of Technology in Sydney, is a member of CPA Australia, a certificated member of the Governance Institute of Australia, and a member of the Australian Institute of Company Directors.

INDEPENDENT DIRECTORS

The directors considered by the board to be independent directors are Joycelyn Morton and Leo Tutt.

In determining whether a non executive director is considered by the Board to be independent, the following relationships affecting independence will be taken into account:

1. whether the director is a substantial shareholder of the company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the Corporations Act);
2. whether the director is employed or has been employed in an executive capacity by the company or another group member and there has not been a period of at least three years between ceasing such employment and serving on the board;
3. whether the director is or has been, within the last 3 years, a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
4. whether the director is or has been, within the previous three years, employed by, or a partner in, any firm that in the past three years has been the company's external auditors;
5. whether the director is a material supplier or customer of the company or any other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
6. whether the director has a material contractual relationship with the company or another group member other than as a director of the Company; and,
7. whether the director is free from any interest and any business or other relationship which could materially interfere with the director's ability to act in the best interests of the company.

PERFORMANCE EVALUATION OF DIRECTORS

1. A performance evaluation for the board and its members has not taken place during the reporting period.
2. The performance evaluation of the board and its members was last conducted in accordance with clause 7 of the Board Charter.
3. The internal board review was undertaken in October 2012.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity constituted by the company and the entities it controlled during the financial year were the retailing of women's apparel and accessories.

There were no significant changes in the nature of these activities during the financial year.

CONSOLIDATED OPERATIONAL RESULTS

The consolidated loss of the consolidated entity for the financial year ended 29 June 2014 after providing for income tax was $7,843,000 (2013 Loss: $3,500,000).

DIVIDENDS PAID, DECLARED OR RECOMMENDED

Dividends paid or declared for payment during the year are as follows:

	$'000
Fully franked Interim ordinary dividend paid on 28 March 2014 of 1.5 cents per share	481

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Our Business

Noni B Limited (ASX: NBL) is a women's fashion retailer, founded in 1977.

The company has two exclusive brands: Noni B for classic fashion and Liz Jordan for stylish, designer fashion. Our products are designed by the company. Local suppliers are contracted to manufacture them to the company's specifications; they are then delivered to Noni B's leased distribution centre at Kings Park in Western Sydney where their quality is checked before they are sent to stores. All supply contracts are in Australian dollars, so Noni B has no foreign exchange exposure, and all suppliers have signed ethical practice agreements.

Results for FY2014

Noni B's sales revenue decreased by 7.7% to $112,136,000 during the year (FY2013: $121,511,000). Commission from selling jewellery on consignment from an accessory supplier decreased by 1.4% during the same period. First half revenue fell 3.0% while second half revenue decreased by 13.1%. The second half sales decline reflected consumer expectations of substantial discounts when buying clothes, which the company tried to resist in order to maintain the higher margins achieved in the first half. While additional discount promotions were implemented in the fourth quarter to stimulate demand, sales were impacted by the unseasonable warm weather leading to the winter season and reduced spending by Noni B's core customers following the federal budget on 13 May 2014.

Margins

The gross margin for FY2014 was 58.9% of sales, compared with 59.4% in FY2013. The second half margin was impacted by the discounting undertaken in order to clear winter stock that remained unsold following the warm start to the 2014 winter season.

Expenses

Total expenses, excluding cost of sales and financing costs decreased by 1.1% compared to FY2013. Sales expenses, including store wage costs and marketing costs, decreased by $0.6 million (1.8%) to $33.3 million from $33.9 million in FY2013. Occupancy expenses, including rents and depreciation of store fit-outs, increased by $0.7 million (2.3%) to $31.4 million from $30.7 million in FY2013. Administration expenses decreased by $0.9 million (10.3%) to $7.4 million from $8.3 million in FY2013.

Earnings & Impairment charges

The company's earnings were affected primarily by its lower revenue, especially in the second half. The company reported an underlying after tax loss (i.e. excluding the impairment of intangible assets of goodwill and brand names) of $2.3 million for FY2014, compared with an underlying after tax profit of $1.5 million in FY2013. Following a detailed review, the remaining intangible assets that were created when the company was listed on the ASX in 2000 were written off, and this resulted in a non-cash impairment charge of $5.4 million and a statutory after-tax loss of $7.8 million.

Cash

The company's cash balance at 29 June 2014 was $5.3 million, compared to $9.9 million on 30 June 2013. In line with the reduction in revenue in the second half, there was a cash outflow from operating activities of $2.1 million, compared with a cash inflow of $6.1 million in FY2013. Cash outflow from investing activities, primarily the cost of store fit-outs and refurbishments, reduced to $1.9 million in FY2014 from $3.5 million in FY2013, in line with lower store openings, refurbishments and relocations. Cash outflow from financing activities decreased to $0.6 million from $2.1 million in FY2013, due to lower dividends paid.

Inventory

The company's inventory on 29 June 2014 was $11.8 million, 13.3% lower than on 30 June 2013 ($13.6 million).

Stores

There are Noni B stores in shopping centres and high streets in all Australian states and the ACT: as at 29 June 2014 the company operated 212 stores. 76 in New South Wales, 41 in Queensland, 38 in Victoria, 29 in Western Australia, 17 in South Australia, 6 in Tasmania, 5 in the ACT. Noni B opened two stores in Victoria and South Australia and closed nine underperforming stores: three in New South Wales; two in Victoria and one each in Queensland, South Australia, Western Australia and the Northern Territory.

Dividends

Noni B paid a fully franked interim dividend of 1.5 cents per share on 28 March 2014 (2013 - 2.5 cents). No final dividend was declared.

Fiscal Year 2015 Strategy

In response to the fall in revenue during the third quarter, Noni B undertook extensive customer research which included customer focus groups and a detailed online survey. In addition, the company commissioned a retail strategist to develop, along with the management team, new strategies for FY2015. Many of these are being implemented and include: refinement of the core customer profile; reduction in range categories to simplify the offer in store; re-designing the price architecture in line with customer expectations; introduction of shorter fashion seasons to ensure faster sale of ranges and changing the promotional and VIP club focus from discounting to fashion idea creation. Further longer term strategies around branding investment and store capital works are being considered subject to cash flow requirements.

On 4 June 2014 the board appointed a sub-committee of the two independent directors to assess the company's strategic alternatives and the company appointed TC Corporate Pty Limited to act as corporate advisers to this sub-committee. The strategic review was to consider the approach by third parties interested in investigating the potential acquisition of a controlling stake in, or all of the share capital of, the company, and any future approaches which the company might procure or receive, consistent with the maximisation of value for all shareholders. The board noted that there could be no assurance that any transaction would eventuate.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity during the year.

SIGNIFICANT AFTER REPORTING DATE EVENTS

In May 2014, the Company announced that its independent directors were considering and discussing with the Kindl family, Noni B's significant shareholders, strategic alternatives with respect to the Company's capital structure.

In June 2014, the Company announced that it had been approached by third parties interested in investigating the possible acquisition of a controlling stake in, or the entire share capital of, the Company. The board appointed a sub-committee consisting of the two independent directors to assess the Company's strategic alternatives and TC Corporate Pty Ltd was appointed to act as corporate adviser to this sub-committee.

Following an extensive strategic review, on 3 September 2014 the Company announced that it had entered into a Takeover Bid Implementation Deed with Alceon Group Pty Ltd ("Alceon") with respect to an all cash bid for the Company at 51 cents per share. On 29 September, the Company lodged with ASIC and the ASX its Target Statement (which is enclosed in a joint booklet with the Bidder's Statement from NB Bidco Pty Ltd (Alceon Bidco)) in response to the off-market takeover offer of the issued shares in the Company. The board has unanimously recommended that shareholders accept the Alceon Bidco offer in the absence of a superior proposal.

The Company is seeking to modify the terms in relation to its undrawn market rate facility with the National Australia Bank. In order to provide certainty with respect to the cash flow needs of the business, the Company has entered into an agreement with Mr Alan Kindl which allows the Company to borrow up to $3.0 million at a commercial rate. The agreement between the Company and Mr Alan Kindl is on arm's length terms. As at the date of this report, no amounts have been drawn down against this facility.

The market for Noni B's range of womenswear has continued to be difficult in the first two months of the new financial year. The Company's (unaudited) management accounts indicate a fall in sales for July and August 2014 of 15% compared with the same period in last year. As in previous years, July and August incur losses. As a result of the fall in sales, year to date unaudited result after tax to August was a $2.5 million loss (pcp: $1.4 million loss.)

Other than the above and elsewhere in this document, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Noni B Limited, to affect significantly the operation of Noni B, the results of those operations, or the state of affairs of Noni B Limited in future financial years

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the operations of Noni B and expected results of those operations in financial years subsequent to the year ended 29 June 2014 are included in the operational and financial highlights section of this report.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

REMUNERATION REPORT

Introduction

The following Remuneration Report forms part of the report of the directors and is the only section of the directors' report subject to audit. It is in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The directors (executive and non-executive) and the senior executives received the amounts set out in the tables below and explained in this section of the Report as compensation for their services as directors and/or executives of the Group during the financial year ended 29 June 2014.

Key Management Personnel

The following were directors of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

- Joycelyn Morton
- Alan Kindl
- Leo Tutt

Executive directors

- David Kindl, Executive Director, Joint Managing Director
- James Kindl, Executive Director, Joint Managing Director

Senior Executives

- Ann Phillips (Chief Financial Officer and Company Secretary)
- Rhonda Kilpatrick (General Manager Buying & Marketing)
- Phillip Fikkers (General Manager Human Resources Services)

Specific matters included in this Report are set out below under separate headings, as follows:

Details of remuneration – Directors (including non-executive and executive directors) and the Senior Executives

This section sets out the dollar value of all components of the remuneration received by the directors and the senior executives during the year ended 29 June 2014.

Remuneration policy – Non-executive directors

This section sets out the company's rationale in determining non-executive director payments and other relevant disclosures.

Remuneration policy – Executive directors and the Senior Executives

This section sets out the company's rationale in determining salaries and incentives for executive directors and the senior executives, including detailed explanations of the link between variable remuneration and performance and other relevant disclosures.

Other Information

This section sets out information in respect of relevant key management personnel including, details of remuneration, remuneration policy, employment contract details, and shareholdings.

REMUNERATION REPORT (CONTINUED)

Details of Remuneration

2014	Short term benefits				Post employment benefits		Long term benefits	Share based payments		
	Cash salary and fees $	Cash bonuses STI $	Cash bonuses LTI $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Long service leave $	Equity settled $	Total $	% Performance related
Directors										
Non-executive directors										
Joycelyn Morton[(a)]	90,000	–	–	–	8,325	–	–	–	98,325	–
Alan Kindl	68,250	–	–	–	–	–	–	–	68,250	–
Leo Tutt	73,250	–	–	–	–	–	–	–	73,250	–
Executive Directors										
David Kindl	274,651	–	–	10,905	17,775	–	4,579	–	307,910	–
James Kindl	274,651	–	–	6,737	17,775	–	4,579	–	303,742	–
Other key management personnel										
Rhonda Kilpatrick[(b,c,e)]	199,787	–	–	12,162	25,351	–	12,450	(114,195)	135,555	(84.2)
Phillip Fikkers[(c,e)]	191,372	–	–	9,284	18,586	–	3,589	(114,195)	108,636	(105.1)
Ann Phillips[(d,e)]	185,272	–	–	6,361	24,686	–	3,633	(83,448)	136,504	(61.1)
Total	1,357,233	–	–	45,449	112,498	–	28,830	(311,838)	1,232,172	(25.3)

(a) Chairman (Note reduced annual fee from date of appointment)
(b) Long service leave for Rhonda Kilpatrick includes impact of restatement of liability arising from a change of mix between cash and non-cash components of remuneration package.
(c) Share based payments comprise $7,579 of new charges from the share offers dated 16 and 20 June 2014 and a reversal of $121,774 due to performance conditions not being met in relation to share offer dated 23 April 2008 that lapsed during the year.
(d) Share based payments comprise $7,596 of new charges from the share offers dated 16 and 20 June 2014 and a reversal of $91,044 due to performance conditions not being met in relation to share offer dated 22 June 2009 that lapsed during the year
(e) Ignoring the reversal of the charge due to the lapsed share offer, the percentage of performance related remuneration for the following KMP's for the year would be R.Kilpatrick 2.9%, P Fikkers 3.3% and A Phillips 3.3%.

2013	Short term benefits				Post employment benefits		Long term benefits	Share based payments		
	Cash salary and fees $	Cash bonuses STI $	Cash bonuses LTI $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Long service leave $	Equity settled $	Total $	% Performance related
Directors										
Non-executive directors										
Joycelyn Morton[(a)]	71,009	–	–	–	6,391	–	–	–	77,400	–
Alan Kindl	43,250	–	–	–	25,000	–	–	–	68,250	–
Leo Tutt[(b)]	7,108	–	–	–	–	–	–	–	7,108	–
Lynn Wood[(c)]	104,355	–	–	–	9,392	–	–	–	113,747	–
Executive Directors										
David Kindl[(d)]	268,113	15,000	–	8,974	16,470	–	11,583	–	320,140	4.7
James Kindl[(d,e)]	269,665	15,000	–	31,979	16,470	–	23,182	–	356,296	4.2
Other key management personnel										
Rhonda Kilpatrick	193,618	–	–	32,892	24,909	–	6,196	9,255	266,870	3.5
Phillip Fikkers	189,421	–	–	8,022	17,346	–	4,666	9,255	228,710	4.0
Ann Phillips	181,923	–	–	6,198	24,846	–	3,807	8,989	225,763	4.0
Total	1,328,462	30,000	–	88,065	140,824	–	49,434	27,499	1,664,284	3.5

(a) Chairman (appointed chairman 1 May 2013)
(b) Appointed 27 May 2013
(c) Chairman (resigned 1 May 2013)
(d) In relation to cash bonuses LTI Executive Directors received a cash bonus under the Notional Deferred Executive Incentive Plan (NDEIP). This bonus was calculated as the equivalent to dividends earned on 250,000 shares, payable upon declaration of dividends.
(e) Long service leave for James Kindl includes impact of restatement of liability arising from a change of mix between cash and non-cash components of remuneration package

Remuneration Policy

Non-executive directors

Non-executive director remuneration is set by the Board's Remuneration Committee and determined by comparison with the market, based on independent external advice with regard to market practice, relativities, and director duties and accountability. Company policy is designed to attract and retain competent and suitably qualified non-executive directors, to motivate these non-executive directors to achieve Noni B's long term strategic objectives and to protect the long term interests of shareholders.

Fee Pool

Non-executive directors' fees are determined within an aggregate non-executive directors' fee pool limit, which is periodically approved by shareholders. At the date of this report the pool limit was set at $350,000. During the financial year ended 29 June 2014, $239,825 of the fee pool (68.5%) was utilised.

Fees

The non-executive directors' base fee has been set at $68,250 per annum. An additional amount of $5,000 per annum is payable for committee chairmen. The chairman's fee has been set at $98,325, inclusive of committee chairman fees. On appointment, the chairman elected to receive a reduced fee. During the financial year ended 29 June 2014 the company held a total of 19 formal meetings, including committee, board and shareholder meetings.

Equity participation

Non-executive directors may receive options or shares as part of their remuneration, subject only to shareholder approval. No options have been issued to a non-executive director this year and none are held by a non-executive director at the date of this Report.

Retiring Allowance

No retiring allowances are paid to non-executive directors.

Superannuation

Noni B pays the statutory superannuation guarantee charge in relation to its eligible non-executive directors out of total fees paid (i.e. fees quoted are inclusive of superannuation).

Executive directors and senior executives

Noni B's overall group remuneration policy is set by the Board's Remuneration Committee. The policy is reviewed on a regular basis to ensure it remains contemporary and competitive.

For the specified executives, the policy is intended to be consistent with the remuneration recommendations and guidelines set down in Principle 8 of the Australian Security Exchange's "best practice" corporate governance guidelines. Broadly, Noni B's policy is intended to ensure:

- for each role, that the balance between fixed and variable (performance) components is appropriate having regard to both internal and external factors;
- that individual objectives set will result in sustainable beneficial outcomes;
- that all performance remuneration components are appropriately linked to measurable personal, business unit or group performance; and
- that total remuneration (that is the sum of fixed plus variable components of the remuneration) for each executive is fair, reasonable and market competitive.

Noni B's achievement of these objectives is checked on a regular basis using independent external remuneration consultants.

Components of executive remuneration

Generally, Noni B provides selected senior executives with three components of remuneration, as follows:

- fixed remuneration which is made up of basic salary, benefits (such as a company car), superannuation and other salary sacrifices;
- short term incentives (STI) – paid in cash, directly earned upon the successful achievement of specific financial and operational targets. A portion of this STI may be provided in Noni B shares subject to service and/or performance conditions. All STI awards are based on performance hurdles which are set and reviewed by the Remuneration Committee annually; and
- long term incentives (LTI) – provides selected and invited senior executives with the right to acquire shares, only where specific future service requirements and future financial and operational targets that improve shareholder returns have been exceeded. Performance hurdles are set and reviewed by the Remuneration Committee annually.

Fixed Annual Remuneration

Senior executives are offered market competitive base salary (including benefits). Base salary is reviewed on a regular basis against market data for comparable positions provided by independent remuneration consultants and selected survey data. Company performance is also taken into account.

Adjustments to base salary are made based on promotion or significant role responsibility changes, pay relativities to market and relative performance in the role. There are annual reviews of the base salary and contractual guarantees that it will not be reduced.

Short Term Incentives

Company policy on short term incentives is that each year a bonus scheme is determined that focuses on the Company objectives for that year. For the current year, a bonus is payable up to 20% of Total Fixed Remuneration on achievement of Company objectives. During the year, no bonuses were paid or are payable.

The objective of the reward scheme is to both reinforce the key financial goals of the Company and to provide a common interest between management and shareholders.

REMUNERATION REPORT (CONTINUED)

Long Term Incentives

Noni B's long-term executive incentive policy focuses on corporate performance and the retention of key senior executives. Details of Noni B's long term incentive scheme, the Deferred Employee Share Plan (DESP) are set out in Note 29 of the Annual Report.

Under the DESP selected and invited senior executives have been offered Noni B shares subject to a range of service and performance conditions.

Under the Notional Deferred Executive Incentive Plan (NDEIP), executive directors may be entitled to cash payments under conditions similar to the DESP for executives.

During the years ended 29 June 2014 and 30 June 2013, no offers were made for additional participation in the NDEIP.

During the year ended 29 June 2014, offers were made for additional participation in the DESP. During the years ended 30 June 2013, no offers were made for additional participation in the DESP.

Details of NDEIP and DESP are set out below.

Notional Deferred Executive Incentive Plan (NDEIP)

The Notional Deferred Incentive Scheme expired in September and no further payments will be made under this plan. No payments were made during the year ended 29 June 2014, due to failure to meet performance conditions. Details of this scheme are as follows -

The NDEIP provided for cash payments for each executive director of up to $875,000 in instalments on meeting service and performance conditions as described per tables below.

Service

Subject to the performance conditions below being achieved, each instalment was payable, subject to continuing employment by the company at the First Available Date for each instalment.

Instalment	% of total payable	First Available Date	Last Available Date
1	33.3%	1 September 2011	1 September 2013
2	33.3%	1 September 2012	1 September 2013
3	33.3%	1 September 2013	1 September 2013

Performance

Each instalment was payable, subject to the company meeting performance hurdles in terms of Earnings per Share (EPS) Compound Annual Growth Rate (CAGR).

Tranche	% of total payable	EPS CAGR % Threshold 5% per annum (20% vesting) % of Total payable	EPS CAGR% Target 20% per annum (100% vesting) % of Total Payable	Measurement Period (Base Year: EPS for FY 2007/08)
1	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2011
2	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2012
3	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2013

The Measurement Period for:

- Tranche 1, is three financial years commencing July 2008 and ending June 2011
- Tranche 2, is four financial years commencing July 2008 and ending June 2012 and
- Tranche 3, is the five financial years commencing July 2008 and ending June 2013

EPS CAGR growth over the relevant periods was calculated from the EPS for the base year from 1 July 2007 to 30 June 2008 for the continuing business (22.0 cents per share) as follows:

- If EPS CAGR were below 5% per annum over the Measurement Period for each tranche, then none of the instalments for each tranche would have vested.
- If EPS CAGR were 5% per annum over the Measurement Period for each tranche, then the value of the amount payable would have been 20% of the total payable for each tranche.
- If EPS CAGR were greater than 5% per annum, but less than 20% per annum over the Measurement Period for each tranche, then the value of the amount payable for each tranche would have been 20% plus an additional 5.33% for every complete percentage point above 5%.
- If EPS CAGR were greater than 20% per annum over the Measurement Period for each tranche, then the amount payable would have been the total amount payable for each tranche.

Unpaid instalments from Tranche 1 or Tranche 2 would have been added to the next instalment, where the payment was subject to the performance hurdles for that tranche.

Any instalments unpaid as at the performance hurdle testing for Tranche 3 were be subjected to immediate forfeiture.

Executive directors also received a cash bonus under NDEIP. This bonus was calculated as the equivalent to dividends earned on 250,000 shares.

Deferred Employee Share Plan (DESP)

The Deferred Employee Share Plan (DESP) is a scheme where employees become entitled to shares subject to a range of service and performance conditions.

The fair value at grant date is independently determined using a Binomial Approximation Option Valuation Model that takes into account the exercise price, the term of the rights over shares, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights over shares.

Details of rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the company and the consolidated group are set out below. There were two grants of rights over shares for key management personnel during the year ended 29 June 2014 as follows:

Offer dated 16 June 2014 and subsequent offer dated 20 June 2014

Service conditions only apply to these offers as follows:

Service

Shares will vest, subject to continuing employment by the company at the expiry date.

Details of rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the company and the consolidated group are set out below:

Name	Held at the start of the period	Granted as compensation during the period	Exercised during the period	Held at the end of the period	Vested at the end of the period
Rhonda Kilpatrick	–	89,150	–	89,150	–
Phillip Fikkers	–	89,150	–	89,150	–
Ann Phillips	–	89,346	–	89,346	–
Total	–	**267,646**	–	**267,646**	–

Date of grant	16 June 2014	20 June 2014
Number of rights available	211,646	56,000
The assessed fair value at date of grant for each offer was	44.01 cents	45.01 cents

The model inputs for rights over shares granted at 16 June and 26 June 2014 included:

a. exercise price	Nil	Nil
b. grant date	16 June 2014	20 June 2014
c. expiry date	29 August 2014	29 August 2014
d. share price at grant date	44 cents	45 cents
e. expected volatility of the company's shares	52.98%	53.02%
f. expected dividend yield	0%	0%
g. risk free interest rate	2.65%	2.65%

In addition to the above grants, one grant of rights over shares for key management personnel was operative during the year ended 29 June 2014 as follows:

Offer dated 23 April 2008 and subsequent offer dated 22 June 2009

Service and performance conditions apply to this offer as noted below. Because of the failure to meet performance conditions, this offer has now expired and the shares which are subject of the offer were forfeited during the year.

Details of rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the company and the consolidated group are set out below.

Name	Held at the start of the period	Granted as compensation during the period	Exercised during the period	Held at the end of the period	Vested at the end of the period
Rhonda Kilpatrick	100,000	–	–	100,000	–
Phillip Fikkers	100,000	–	–	100,000	–
Ann Phillips	100,000	–	–	100,000	–
Total	**300,000**	–	–	**300,000**	–

Date of grant	23 April 2008	22 June 2009
Number of rights available	200,000	100,000
The assessed fair value at date of grant for each offer was	246 cents	92.3 cents

The model inputs for rights over shares granted at 23 April and 22 June 2009 included:

a. exercise price	Nil	Nil
b. grant date	23 April 2008	22 June 2009
c. expiry date	1 September 2013	1 September 2013
d. share price at grant date	251 cents	90 cents
e. expected volatility of the company's shares	25.76%	36.96%
f. expected dividend yield	5.963%	7.26%
g. risk free interest rate	6.54%	5.32%

REMUNERATION REPORT (CONTINUED)

Under the plan, participants were granted rights over shares which would vest if certain service and performance standards are met and the employees are still employed by the Group at the end of the vesting period for each tranche.

The terms and conditions of grant of rights over shares affecting remuneration in this or future reporting periods were as follows:

Service

Each tranche of shares would have vested, subject to continuing employment by the company at the First Available Date for each tranche.

Tranche	% of Grant	First Available Date	Last Available Date
1	33.3%	1 September 2011	1 September 2013
2	33.3%	1 September 2012	1 September 2013
3	33.3%	1 September 2013	1 September 2013

Performance

Each tranche of shares would have vested, subject to the company meeting performance hurdles in terms of Earnings per Share (EPS) Compound Annual Growth Rate (CAGR).

Tranche	% of Grant	EPS CAGR % Threshold 5% per annum (20% vesting) % of Total Grant to vest	EPS CAGR% Target 20% per annum (100% vesting) % of Total Grant to vest	Measurement Period (Base Year: EPS for FY 2007/08)
1	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2011
2	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2012
3	33.3%	6.67%	33.3%	1 July 2008 to 30 June 2013

The Measurement Period for:

- Tranche 1, is three financial years commencing 1 July 2008 and ending 30 June 2011
- Tranche 2, is four financial years commencing 1 July 2008 and ending 30 June 2012 and
- Tranche 3, is the five financial years commencing 1 July 2008 and ending 30 June 2013

EPS CAGR growth over the relevant periods shall be calculated from the EPS for the base year from 1 July 2007 to 30 June 2008 for the continuing business (22.0 cents per share) as follows:

- If EPS CAGR were below 5% per annum over the Measurement Period for each tranche, then none of the shares for each tranche would have vested.
- If EPS CAGR were 5% per annum over the Measurement Period for each tranche, then the number of shares vested for each tranche would have been 20%.
- If EPS CAGR were greater than 5% per annum, but less than 20% per annum over the Measurement Period for each tranche, then the number of shares vested for each tranche would have been 20% plus an additional 5.33% for every complete percentage point above 5%.
- If EPS CAGR were greater than 20% per annum over the Measurement Period for each tranche, then all of the shares for each tranche would have vested.

Unvested shares from Tranche 1 or Tranche 2 would have been added to the next tranche, where they would have been subject to the performance hurdles for that tranche.

Any shares which were unvested as at the performance hurdle testing for Tranche 3 were subject to immediate forfeiture.

Any dividends paid on the shares were payable to the members of the Plan, whether shares had vested or not.

Company performance, Shareholder Wealth and Directors' and Executive Remuneration

The following table has been prepared to give Noni B Limited shareholders a clear view of the alignment of key organisational performance measures compared to changes in director's and the Senior Executive's remuneration.

	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change
Company Performance										
Net Profit After Tax ($'000's)	3,867	68.4%	231	(94.0)%	2,682	1061.0%	(3,500)	(230.5)%	**(7,843)**	**124.1%**
EPS Undiluted (cents)	12.1	68.6%	0.7	(94.0)%	8.4	1100.0%	(10.9)	(229.5)%	**(24.4)**	**123.9%**
Total dividends (cents)	6	(50.0)%	4	(33.3)%	2.5	(37.5)%	6	140%	**1.5**	**(75.0)%**
Share Price at year end (cents)	105	10.5%	65	(38.1)%	66.5	2.3%	60	(9.8)%	**47**	**(21.7)%**
Director remuneration ($'000)										
Joycelyn Morton[(a)]	65	100.0%	73	12.7%	73	0.0%	77	5.5%	**98**	**27.3%**
Alan Kindl	86	18.9%	67	(22.4)%	68	1.5%	68	0.0%	**68**	**0.0%**
Leo Tutt[(b)]	–	–	–	–	–	–	7	–	**73**	**942.9%**
Lynn Wood[(c)]	130	20.0%	148	13.7%	126	(14.9)%	114	(9.5)%	**–**	**(100.0)%**
James Kindl[(d)]	297	5.9%	288	(3.3)%	322	11.8%	356	10.6%	**304**	**(14.6)%**
David Kindl[(d)]	310	1.7%	275	(11.2)%	324	17.8%	320	(1.2)%	**308**	**(3.8)%**
Executive remuneration										
Rhonda Kilpatrick	270	1.5%	299	10.6%	301	0.7%	267	(11.3)%	**136**	**(49.1)%**
Phillip Fikkers	247	(0.3)%	244	(1.1)%	277	13.5%	229	(17.3)%	**109**	**(52.4)%**
Ann Phillips	220	87.1%	236	7.7%	267	13.1%	228	(15.4)%	**137**	**(39.4)%**

Note – Table excludes directors and executives who have not served in current or prior year.

(a) Chairman (Appointed 1 May 2013)
(b) Appointed (27 May 2013)
(c) Previously chairman (resigned 1 May 2013)
(d) Joint Managing Directors

The short term incentive opportunities for the executive directors and the senior executives for the financial year commencing 1 July 2013 were determined by the Board, based on a number of key performance criteria in addition to NPAT.

The current remuneration for non-executive directors is set by resolution of shareholders at $350,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components. There are no schemes for retirement benefits, other than statutory superannuation, for non-executive directors.

Employment contracts

Executive	David Kindl / James Kindl	Phillip Fikkers / Ann Phillips / Rhonda Kilpatrick
Duration of Agreement	Employment agreement for Joint Managing Directors operative until terminated by either party.	Employment agreement for General Manager roles operative until terminated by either party.
Termination payment	Maximum payment to be made to Executives on termination is 18 months' Total Remuneration (being Total Fixed Remuneration plus Short Term Incentives, Long Term Incentives and benefits). To be paid in the following circumstances: 1. Redundancy; or 2. Fundamental Change.	Maximum payment to be made to the General Managers on termination is 15 months' Total Remuneration (being Total Fixed Remuneration plus Short Term Incentives, Long Term Incentives and benefits). To be paid in the following circumstances: 1. Redundancy; or 2. Fundamental Change.
Notice of termination	On termination by Noni B – one year's notice On termination by Executive (in circumstances other than fundamental change) 6 months notice Payment in lieu of notice can be made by Noni B in all circumstances, if Noni B chooses	On termination by Noni B or the Executive – 3 month's notice. Payment in lieu of notice can be made by Noni B in all circumstances, if Noni B so chooses.
Restraint Conditions	Payment equivalent to 12 months Total Fixed Remuneration for 12 months restraint	Payment equivalent to 6 months Total Fixed Remuneration for 6 months restraint

REMUNERATION REPORT (CONTINUED)

Options held by directors and key management personnel

There are no options outstanding at end of the financial year ended 29 June 2014 and no options were granted during the year or prior year.

Relevant interest in shares by directors and key management personnel

Directors and Key Management Personnel	Balance at 1 July 2013	Shares vested but not exercised	Rights exercised	Net change other*	Balance at 29 June 2014
Joycelyn Morton	15,797	–	–	–	**15,797**
Alan Kindl	13,113,701[1]	–	–	155,450	**13,269,151[1]**
Leo Tutt (appointed May 2012)	139,957	–	–	–	**139,957**
David Kindl	13,267,701[2]	–	–	155,450	**13,423,151[2]**
James Kindl	13,113,701[3]	–	–	155,450	**13,269,151[3]**
Ann Phillips	10,000	–	–	–	**10,000**
Rhonda Kilpatrick	97,048	–	–	–	**97,048**
Phillip Fikkers	48,867	–	–	(48,867)	–

* "Net change-other" refers to shares purchased or sold during the financial year ended 29 June 2014 or changes related to directors joining or leaving the group during the year ended 29 June 2014.

1. Alan Kindl has a relevant interest in 13,269,151 shares in the company, comprising:
   (a) a direct interest in 3,867,736 shares in the company;
   (b) a relevant interest in 9,113,617 shares in the company, being shares held by Betty Kindl, James Kindl and David Kindl due to pre-emptive rights under a shareholders' deed dated 29 February 2000 between the parties; and
   (c) a relevant interest in 287,798 shares in the company, being shares held by Kindl Holdings Pty Ltd, which is an entity controlled by Alan Kindl.
2. David Kindl has a relevant interest in 13,423,151 shares in the company, comprising:
   (a) a direct interest in 3,500,000 shares in the company;
   (b) a relevant interest in 9,481,353 shares in the company, being shares held by Betty Kindl, Alan Kindl and James Kindl due to pre-emptive rights under a shareholders' deed dated 29 February 2000 between the parties;
   (c) a relevant interest in 287,798 shares in the company, being shares held by Kindl Holdings Pty Ltd; and
   (d) a relevant interest in 154,000 shares in the company, being shares held by Margaret Lorna Kindl.
3. James Kindl has a relevant interest in 13,269,151 shares in the company, comprising:
   (a) a direct interest in 3,500,000 shares in the company;
   (b) a relevant interest in 9,481,353 shares in the company, being shares held by Betty Kindl, Alan Kindl and David Kindl due to pre-emptive rights under a shareholders' deed dated 29 February 2000 between the parties; and
   (c) a relevant interest in 287,798 shares in the company, being shares held by Kindl Holdings Pty Ltd.

Alan Kindl, Betty Kindl, James Kindl and David Kindl entered into an agreement prior to listing of the company's shares on the ASX, which regulates their sale of shares in the company. If any one of them wishes to sell any of their shares in the company, they must offer those shares to the others before they sell those shares to any third parties.

Retiring Executive Director Benefits

No retiring allowances are paid to executive directors outside of statutory retirement benefits.

This concludes the remuneration report which has been audited.

DIRECTORS' MEETINGS

The number of meetings of directors and of each board committee held during the financial year ended 29 June 2014 and the numbers of meetings attended by each director were as follows:

	Board Meeting		Audit and risk management committee		Remuneration committee	
	A	B	A	B	A	B
Joycelyn Morton	12	12	3	3	3	3
Alan Kindl	12	12	3	3	3	3
Leo Tutt	12	12	3	3	3	3
David Kindl	12	12	–	–	–	–
James Kindl	12	12	–	–	–	–

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into deeds with each of the directors under which the Company has agreed to indemnify the directors and the company secretary on a full indemnity basis and to the full extent permitted by law for losses or liabilities incurred as an officer of the Company.

During the financial year ended 29 June 2014, the company has paid an insurance premium in respect of a contract insuring each of the directors of the company named in this report, the company secretary, executive officers and directors of controlled entities, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

The amount of premium paid for each director and the company secretary was $6,193 in the financial year ended 29 June 2014.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceeding to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the financial year ended 29 June 2014.

SHARE OPTIONS

No options have been granted to any individual since September 2001 and there are no outstanding option balances.

NON-AUDIT SERVICES

The details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor 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 by BDO means that the auditor's independence requirements under the Corporations Act 2001 were not compromised, for the following reasons:

- All non-audit services have been received and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for the Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in relation to the audit for the financial year is provided on Page 16 of this report as required under section 307C of the Corporations Act 2001.

ROUNDING OFF OF AMOUNTS TO THE NEAREST THOUSAND DOLLAR

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the board of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Joycelyn Morton
Chairman

James Kindl	David Kindl
Joint Managing Director	Joint Managing Director

Sydney 30 September 2014

BDO

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF NONI B LIMITED

As lead auditor of Noni B Limited for the year ended 29 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Noni B Limited and the entities it controlled during the period.

John Bresolin
Partner

BDO East Coast Partnership

Sydney, 30 September 2014

1. INTRODUCTION

The Board of Directors of Noni B Limited is committed to high standards of corporate governance and supports the ASX Group Corporate Governance Council's Corporate Governance Principles and Recommendations for Australian listed companies issued originally in March 2003 and revised in August 2007.

This Corporate Governance Statement was originally adopted by the Board on 23 June 2004 and was most recently updated by the Board in October 2014. It will be reviewed at least annually and further revised by the Board as required.

Companies are allowed the flexibility not to implement all of the Recommendations, provided they explain why they have not done so and what alternate approaches have been adopted. This is known as the 'if not, why not' approach.

The Board has determined whether, and to what extent, the Company may benefit from adopting the Recommendations and has, where appropriate, applied the principles of the Recommendations to the Company. The Board considers that some Recommendations are not appropriate for the Company and would not improve the efficiency or integrity of the Company's business.

This Corporate Governance Statement, referencing the Recommendations, is accessible from the Company's website www.nonib.com.au/governance.

In this Corporate Governance Statement, references to the "Managing Director" includes any Joint Managing Directors of the Company, references to "Directors" include any director of the Company and references to "Senior Executives" means the senior management team as distinct from the Board, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance and includes, as the context requires, the executive directors, the Chief Financial Officer/Company Secretary and the General Managers of the Company.

2. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is responsible for seeking to increase shareholder value by establishing a reputation for consistent and sustained long-term profit growth.

The Board has adopted a Board Charter which formally sets out the functions and responsibilities of the Board and Senior Executives, and enables them to perform their role more effectively. The Board Charter creates a system of checks and balances to provide a balance of authority.

The four main responsibilities of the Board are:

1. setting the Company's strategy;
2. recruiting, appointing and monitoring the performance of the Managing Director;
3. ensuring that appropriate corporate governance and risk management policies are established and performance against those policies is monitored and assessed; and
4. ensuring that appropriate resources are available to Senior Executives to execute the Company's strategy and monitor performance.

More specifically, these responsibilities are set out in the Board Charter available on the Company's website www.nonib.com.au.

Performance evaluations for the Senior Executives have taken place in the reporting period in accordance with the process disclosed in the Board Charter.

3. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board currently consists of five directors. The five directors comprise an independent Chairman, one other independent director, a non executive director and two Joint Managing Directors. "Independent" means a non executive director who is independent of management and who is free of any business or other relationship that could materially interfere with the exercise of independent judgement. The specific criteria used to assess independence are set out in the Board Charter under the heading "Independent Director".

The independent directors are Joycelyn Morton and Leo Tutt.

None of the current independent directors have any of the relationships affecting independence referred to in the Board Charter (available on the Company website.)

Recommendation 2.1 of the Recommendations recommends a majority of the Board should be independent directors. The Board does not currently have a majority of independent directors. The Board is of the view that Recommendation 2.1 is not appropriate for the Company at this time. The Board considers that the current directors of the Company possess the appropriate range of skills, experience and expertise to fulfill their responsibilities to the Company and its shareholders. The Board will continue to consider the need for the appointment of qualified independent applicants who possess the appropriate qualifications to serve as directors on the Board.

Details of the Directors in office at the date of this annual report, the period of office held by each director and the skills, experience and expertise relevant to the position of Director held by each of them as set out in page 4 of the Directors Report.

To assist directors in carrying out their duties effectively, any director may seek independent professional advice at the Company's expense. Prior written approval by the Chairman is required, but approval will not be unreasonably withheld. All directors are made aware of the professional advice sought and obtained.

Recommendation 2.4 is that a nomination committee be established. Given the size of the Company, a formal nomination committee has not been established. However, the objectives of such a committee are addressed in clause 7 of the Board Charter and the functions that would otherwise be undertaken by a nomination committee are undertaken by the Board.

Evaluation of performance

The processes for evaluating the performance of the Board, its committees and individual directors are set out in section 7 of the Board Charter.

A performance evaluation of the board, its committees and its members was conducted in accordance with clause 7 of the Board Charter. This evaluation was conducted on an external basis in October 2010. An internal Board review was conducted in October 2012.

Regular assessments

The Board regularly assesses whether each non executive director is an independent director. Each non executive is required to provide to the Board all information that may be relevant to this assessment.

Independent Chairman

The Chairman of the Board is an independent, non-executive director of the Company.

Separate Chairman and Managing Director

The Chairman is currently an independent director and the roles of the Chairman and the Managing Director are not exercised by the same person.

Board Committees

To assist in the execution of the Board's corporate governance responsibilities, the Board has established two committees:

1. the Audit & Risk Management Committee – to help protect the integrity of financial reports; and
2. the Remuneration Committee – to help ensure that the Company remunerates fairly and responsibly.

Both of these Committees have an independent director as Chairman.

The current membership of the Board and the Audit & Risk Management Committee and the Remuneration Committee is set out in the table below:

Board Director	Board Member Type	Audit and Risk Management Committee	Remuneration Committee
Joycelyn Morton	Independent Chairman	Member	Member
Leo Tutt	Non Executive Director	Independent Chairman	Independent Chairman
Alan Kindl	Non Executive Director	Member	Member
James Kindl	Joint Managing Director		
David Kindl	Joint Managing Director		

For information concerning the Board's policy and procedure regarding nomination and appointment of directors, further details are available on the company website.

4. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Board seeks to ensure that all directors, Senior Executives and employees of the Company act honestly, transparently, diligently and with integrity, striving to enhance the reputation and performance of the Company.

The Board seeks to ensure that the Company has regard to the reasonable expectations of its stakeholders, including shareholders, employees, customers, suppliers, creditors and the community in which the Company operates.

The Board has established a Code of Conduct setting out the Company's obligations to its stakeholders.

The Company's Policy & Procedures manual includes a range of documented policies and standards, including privacy, confidentiality, recruitment and equal employment opportunity. Together with the Code of Conduct, these policies and standards are reinforced by regular training programmes and monitoring of compliance and are equally applicable to the Company's directors and Senior Executives.

Dealings in the Company's Securities and associated products

The Company has adopted a securities trading policy for the Company's directors and Senior Executives. Details of the Securities Trading Policy are included below.

Consistent with the law, directors, Senior Executives and employees must not trade directly or indirectly or procure others to trade in the Company's securities or associated products whilst in possession of unpublished price sensitive information.

Directors, Senior Executives and employees must not use inside information for personal gain.

Price sensitive information is information, usually about the Company or its intentions, which a reasonable person would expect to have a material effect on the price or value of Company securities.

Directors, Senior Executives and certain other employees are generally permitted to deal in the Company's securities in the six weeks following the announcement of the half yearly and annual results.

Permission to trade in the Company's securities outside these periods must be obtained from the Chairman.

During an Open Trading Period directors are permitted to trade in the Company's securities. Notification to the Chairman, may be prior to or after the transaction, followed with written and verbal confirmation of the trading detail to the Company Secretary, including any change in the director's (or related entities) legal or beneficial interest in the Company's securities so as to ensure compliance with the disclosure requirements of the ASX Listing Rules and the Corporations Act 2001.

More details are included on the company's website.

Diversity Policy

This Diversity Policy has been developed by Noni B's Board which is responsible for identifying nominees for directorships and other key executive appointments.

In relation to Board composition the Board is responsible for ensuring that it is of a size and composition that allows for:

1. Decisions to be made appropriately and expediently;
2. A range of different perspectives to be put forward regarding issues before the Board;
3. A range of different skills to be brought to Board deliberations; and
4. Board decisions to be made in the best interests of the Company as a whole rather than of individual shareholders or interest groups.

The Noni B Board Charter states "the composition of the Board reflects diversity in skills, experience, age and gender".

With regard to gender, the Board's objectives are set out below:

Measurable objectives:

1. Board – to endeavour to maintain the representation of each gender on the Board at a minimum of 40%; and
2. Senior Management – to endeavour to maintain the representation of each gender in Senior Management roles at a minimum of 40%

Review of effectiveness of objectives:

1. On an annual basis or at any time deemed necessary, a review of the effectiveness of the measurable objectives will be undertaken by Board
2. The Board ensures the continued effective implementation of the Diversity Policy.

5. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit and Risk Management Committee. The roles and responsibilities of the Audit and Risk Management Committee are set out in the Audit and Risk Management Committee Charter.

The Audit and Risk Management Committee comprises three members, the majority of whom are independent directors. All of the members of the Audit and Risk Management Committee are non executive directors. The Chairman of the Audit and Risk Management Committee is an independent director and a qualified accountant and therefore satisfies Recommendation 4.2 for independence and appropriate technical expertise. Recommendation 4.2 also recommends that the Chairman of the Audit and Risk Management Committee not be the Chairman of the Board. The current structure complies with this recommendation.

During the Reporting Period the Audit and Risk Management Committee consisted of the following members, whose attendance at meetings of the committee is listed below.

Committee member	Number eligible to attend	Number attended
Leo Tutt (Chairman)	3	3
Joycelyn Morton	3	3
Alan Kindl	3	3

As part of the Company's structure of financial review and authorisation, in accordance with the Corporations Act, both the Managing Director and Chief Financial Officer are required to provide a written statement to the Board that to the best of their knowledge and belief, the Company's financial records have been properly maintained, and its financial statements and notes present a true and fair view, in all material respects, of the Company's financial position and performance and are in accordance with relevant accounting standards.

This statement to the Board is underpinned by the requirement for appropriate Senior Executives to provide a signed letter of representation addressed to the Managing Director and Chief Financial Officer verifying material issues relating to the executive's area of responsibility and disclosing factors that may have a material effect on the financial results or operations of the Company.

External auditors

The Board seeks to ensure that audit quality and effective audit service is provided by a suitably qualified competent and independent audit firm and the Audit and Risk Management Committee regularly assesses this company's performance and independence. The Board ensures that the External Auditor is fairly rewarded for the agreed scope of the statutory audit and audit-related services.

The recommendation for the appointment of the external auditor is made by the Audit and Risk Management Committee after evaluation by that Committee taking into account expertise, experience, resources and reputation of proposed external auditors.

The rotation of the external auditor engagement partner every five years in accordance with the Corporations Act 2001 is monitored by the Audit and Risk Management Committee.

6. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has implemented a Continuous Disclosure Policy to ensure timely and continuous disclosure to the market of material information relating to the Company and to ensure that all stakeholders have an equal opportunity to access information.

The policy and practice of the Company reflects the ASX Listing Rules requirements and the requirements of the Corporations Act 2001 regarding continuous disclosure requirements and the process of notifying the market.

Details of the Continuous Disclosure Policy are included on the company's website.

7. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company's communication policy is designed to empower shareholders by communicating effectively with them and by giving them access to balanced and understandable information on the Company. The Company is required under the Corporations Act 2001 and the Listing Rules of the ASX to keep the market fully informed of all information that could materially affect the value of its securities.

The Company is committed to ongoing communication across its entire shareholder base consisting of institutional investors, private and employee shareholders. This is achieved principally by the distribution of regular information updates to shareholders which consist of the following:

- the annual and half yearly financial results and report;
- relevant announcements released to the ASX;
- notice of meeting and explanatory material for the annual general meeting;

- the Chairman's and Managing Director's address to shareholders;
- occasional letters from the Managing Director and Chairman informing shareholders of key matters of interest;
- any presentation to analysts; and
- an invitation to attend the annual general meeting, to ask questions of the Board and the External Auditor who is available to answer questions about the conduct of the audit, as well as the preparation and content of the External Auditor's report.

The Company currently uses its website via the "Company News" page on the website to provide information to the Company's shareholders.

8. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management and Oversight

The responsibility of risk management and oversight is co-ordinated through the Audit and Risk Management Committee, with Senior Executives.

The Senior Executives are responsible for designing, implementing and reporting to the Board on the adequacy of the Company's risk management and internal control system to manage the Company's material business risks. The Senior Executives report to the Audit and Risk Management Committee on the key risks faced by the Company and the extent to which they believe those risks are being managed. The Board requires management to report to it through the Audit and Risk Management Committee on whether the Company's material business risks are being managed effectively. Ordinarily this is done on a half yearly basis but it can be more frequently if required by the Audit and Risk Management Committee or the Board.

Although the Board has ultimate responsibility to satisfy itself each year, or more frequently where required, that the Senior Executives have developed and implemented for the Company a sound system of risk management and internal control, the Board delegates to the Audit and Risk Management Committee the detailed work required for this review. The Board reviews the detailed work done by and the recommendations of the Audit and Risk Management Committee.

Assurance

To encourage management accountability in this area, both the Managing Director and the Chief Financial Officer are required to provide a written statement to the Board that to the best of their knowledge and belief the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board acknowledges that due to its nature, this assurance cannot be absolute because of factors such as the need for the exercise of judgment, the use of sample based testing and inherent limitations in internal controls.

Sign off letters in relation to the material business risks identified in respect of the Company (including responses to all questions asked as part of such letters) are completed by all relevant general managers and key finance personnel on a half yearly basis. The letters are then reviewed by the Chief Financial Officer and the Company's external auditors as part of the Company's half-yearly reporting to the ASX and as part of the compliance with section 295A of the Corporations Act and Recommendations 7.2 and 7.3.

The key elements of the Company's policy on risk management are summarised as follows:

- Financial reporting – there is a comprehensive budget process with annual budgets approved and actual performance to budget monitored on a monthly basis.
- Departmental control – financial controls and procedures including information systems controls are set out in the Company's Procedure Manual and are built in to the key financial systems. Weekly financial results and cash flow reports help recognise and manage risks. Senior Executives report to the Board regularly on material business issues including financial results.
- Investment and Capital expenditure – Senior Executives are provided with levels of delegated authority to incur day to day operational expenditure. All expenditure decisions exceeding such levels are approved by the Board. Major projects (legal and tax) are reviewed by external advisers, as required.

Internal Audit Function

The function of internal audit is performed in co-operation between the Finance and Human Resources Departments. Responsibility is undertaken by the Chief Financial Officer/Company Secretary and the General Manager Human Resources.

Regular financial audit functions and control checks are undertaken by the Finance department, whilst WHS and Noni B policy and procedures compliance are audited, by the Human Resources Compliance Co-Ordinator.

9. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Remuneration Committee which comprises of three members, two of whom are independent directors. The remuneration committee is chaired by an independent director. The roles and responsibilities of the Remuneration Committee are outlined in the Company's Charter of the Remuneration Committee. The Remuneration Committee reviews the remuneration of the Directors and Senior Executives as well as the Company's human resources policies and makes recommendations to the Board.

Committee member	Number eligible to attend	Number attended
Leo Tutt (Chairman)	3	3
Joycelyn Morton	3	3
Alan Kindl	3	3

Details about the Company's remuneration policy are discussed in the Remuneration Report set out on pages 7 to 14 of the Company's Annual Report.

The Directors Report discloses the Directors, Non-Executive Directors and executives remuneration, benefits, incentives and allowances where relevant.

— STATEMENT OF PROFIT OR LOSS —

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 JUNE 2014

		Consolidated	
		2014	2013
	Note	$'000	$'000
Continuing Operations			
Sales	3	112,136	121,511
Other revenues	3	2,864	3,121
Other income	3	78	56
Cost of goods sold		(46,112)	(49,309)
Expenses, excluding finance costs	4	(72,358)	(73,130)
Finance costs	5	(17)	(20)
Profit (Loss) before income tax expense and impairment		(3,409)	2,229
Income tax benefit/(expense)	6	1,149	(702)
Profit (Loss) after income tax expense and before amortisation and impairment		(2,260)	1,527
Amortisation of brand names	11	(167)	–
Impairment of brand names	11	(5,416)	–
Impairment of goodwill	11	–	(5,027)
(Loss) for the year		(7,843)	(3,500)
(Loss) attributed to members of the parent entity		(7,843)	(3,500)
Other comprehensive income		–	–
Total comprehensive income attributable to members of the parent entity		(7,843)	(3,500)
Earnings per share			
Earnings per share from continuing operations attributable to the owners of Noni B Limited			
Basic earnings per share (cents per share)	23	(24.4)	(10.9)
Diluted earnings per share (cents per share)	23	(24.4)	(10.9)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

— STATEMENT OF FINANCIAL POSITION —

AS AT 29 JUNE 2014

	Note	Consolidated 2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	18	5,313	9,901
Trade and other receivables	7	1,034	1,385
Inventories	9	11,773	13,583
Income tax receivable	6	618	–
TOTAL CURRENT ASSETS		18,738	24,869
NON-CURRENT ASSETS			
Trade and other receivables	7	3	5
Property, plant and equipment	10	7,369	8,430
Intangible assets	11	–	5,583
Deferred tax assets	6	3,852	2,743
TOTAL NON-CURRENT ASSETS		11,224	16,761
TOTAL ASSETS		29,962	41,630
CURRENT LIABILITIES			
Trade and other payables	12	10,927	13,924
Liabilities for current tax	6	–	420
Borrowings	13	107	117
Provisions	14	4,295	4,106
TOTAL CURRENT LIABILITIES		15,329	18,567
NON-CURRENT LIABILITIES			
Trade and other payables	12	821	901
Borrowings	13	230	105
Provisions	14	796	617
Deferred tax liabilities	6	85	107
TOTAL NON-CURRENT LIABILITIES		1,932	1,730
TOTAL LIABILITIES		17,261	20,297
NET ASSETS		12,701	21,333
EQUITY			
Issued capital	15	20,754	22,105
Reserves		271	579
Accumulated Losses		(8,324)	(1,351)
TOTAL EQUITY		12,701	21,333

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

— STATEMENT OF CHANGES IN EQUITY —

FOR THE YEAR ENDED 29 JUNE 2014

Consolidated	Note	Issued capital $'000	Retained earnings/ (Accumulated Losses) $'000	Equity Reserve $'000	Total $'000
Balance at 1 July 2012		22,105	4,074	551	26,730
Profit after income tax expense for the year		–	(3,500)	–	(3,500)
Other comprehensive income for the year net of tax		–	–	–	–
Total comprehensive income for the year		–	(3,500)	–	(3,500)
Transactions with owners in their capacity as owners:					
Share based payments	29	–	–	28	28
Dividends paid or provided for	19	–	(1,925)	–	(1,925)
Balance at 30 June 2013	15	22,105	(1,351)	579	21,333
Loss after income tax expense for the year		–	(7,843)	–	(7,843)
Other comprehensive income for the year net of tax		–	–	–	–
Total comprehensive income for the year		–	(7,843)	–	(7,843)
Transactions with owners in their capacity as owners:					
Share based payments	29	–	–	(308)	(308)
Capital reduction per Corporations Act Section 258F		(1,351)	1,351	–	–
Dividends paid or provided for	19	–	(481)	–	(481)
Balance at 29 June 2014	15	**20,754**	**(8,324)**	**271**	**12,701**

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

— STATEMENT OF CASH FLOWS —

FOR THE YEAR ENDED 29 JUNE 2014

	Note	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		129,725	140,044
Payments to suppliers and employees (inclusive of GST)		(130,942)	(133,094)
Interest received		157	195
Finance costs		(17)	(20)
Income taxes paid		(1,019)	(979)
Net cash (used in)/provided by operating activities	18(b)	(2,096)	6,146
Cash flows from investing activities			
Payments for property, plant and equipment		(1,990)	(3,526)
Proceeds from sale of property, plant and equipment		78	56
Net cash used in investing activities		(1,912)	(3,470)
Cash flows from financing activities			
Repayment of borrowings		(99)	(178)
Dividends paid	19	(481)	(1,925)
Net cash used in financing activities		(580)	(2,103)
Net decrease/(increase) in cash and cash equivalents		(4,588)	573
Cash and cash equivalents at the beginning of the financial year		9,901	9,328
Cash and cash equivalents at the end of the financial year	18(a)	5,313	9,901

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. INTRODUCTION

The financial report covers the consolidated entity of Noni B Limited the company and controlled entities. Noni B Limited is a for profit listed public company incorporated and domiciled in Australia and is the ultimate parent entity of the group.

(a) Operations and principal activities

The principal activity of the consolidated entity constituted by the company and the entities it controlled during the financial year was the retailing of women's apparel and accessories.

(b) Scope of financial statements

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as appropriate for a profit oriented entity.

These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Currency

The financial report is presented in Australian currency.

(d) Reporting Period

The financial report is presented for the year ended 29 June 2014. The comparative reporting period ended at 30 June 2013.

(e) Registered Office and Principal place of business

10 Garling Road, Kings Park
NSW 2148, Australia.

(f) Authorisation of financial report

The financial report was authorised for issue by the Directors on 30 September 2014.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) OVERALL POLICY

The principal accounting policies adopted by Noni B Limited and its subsidiaries are stated in order to assist in the general understanding of the financial report. These policies have been consistently applied to all the years presented unless otherwise stated.

(b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss for FY2014 of $7,843k which includes an impairment charge to intangibles of $5,416k and in FY2013 incurred a loss of $3,500k which also included an impairment charge to intangibles of $5,027k. Furthermore, during FY2014 the Consolidated Entity experienced a net cash outflow from operating activities of $2,096k (FY2013 inflow of $6,146).

Notwithstanding the above, the Directors believe it is appropriate to prepare this financial report on a going concern basis given the circumstances summarised below.

- In May 2014, Noni B Limited and its independent directors began considering strategic alternatives to improve the business. In June 2014 the Consolidated Entity announced it had been approached by third parties interested in possible acquisitions of a controlling stake in the business. Following extensive strategic reviews the Consolidated Entity announced on 3 September 2014 that Noni B Limited entered into a Takeover Bid Implementation Deed with Alceon Group Pty Ltd ('Alceon') with respect to an all cash bid for the Consolidated Entity at 51 cents per share. The board has unanimously recommended this offer.
- As detailed in NB Bidco Pty Ltd Bidder's Statement dated 29 September 2014, if the Bidder is successful with its proposal, it is committed to financially supporting the Consolidated Entity through both new debt facilities and equity injections.
- The Consolidated Entity is seeking to modify the terms of its undrawn market rate facility with the National Australia Bank to provide certainty with respect to cash flow needs.
- To compensate for the short-term, the Company has entered into an agreement with Mr Alan Kindl which allows the Consolidated Entity to borrow up to $3.0 million at a commercial rate. As at the date of this report, no amounts have been drawn down against this facility.

In the event that the Takeover Bid is not successful, the Consolidated Entity may need to reduce its rate of expenditures and obtain further loans for additional working capital to ensure that it can continue to meet its obligations as and when they fall due.

These conditions give rise to the existence of a material uncertainty which may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

The Directors have concluded that there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due. On this basis the financial report has been prepared on a going concern basis.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities at amounts different to those stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

(c) Significant Judgement and Key Assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key Estimates

Impairment of intangibles

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Details of the key estimates are set out in Note 11(a) of the Financial Report.

Impairment of brand names has been recognised for the year ended 29 June 2014. For further details, refer to note 11. No impairment of brand names was recognised for the year ended 30 June 2013.

Impairment of goodwill was recognised for the year ended 30 June 2013.

Customer Loyalty

The group provides for a customer loyalty provision for its loyalty events based on an estimate of the loyalty redemption by the loyalty customers. The estimate is based on historical experience and other factors relevant to customer spending.

The group's customer loyalty provision is calculated on 5% of loyalty sales and is based on a redemption rate of 20% (2013 : 20%).

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of Useful Lives of Assets

The Consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold or will be written off or written down.

Income Tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(d) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are initially recognised at cost on the statement of financial position when the consolidated entity becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale are accounted for at cost.

Financial liabilities comprising trade and other payables, provisions and borrowings are measured at amortised cost using the effective interest method.

Trade accounts payable represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectability.

(e) Parent Entity

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Consolidation Policy

The consolidated financial report comprises the accounts of Noni B Limited and all of its controlled entities. A controlled entity is any entity controlled by Noni B Limited. Control exists where Noni B Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Noni B Limited to achieve the objectives of Noni B Limited. A list of controlled entities is disclosed in Note 8 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation. Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(g) Revenue Recognition

i. Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer and when the other contractual obligations of the entity are performed.

ii. Revenue from rendering of services

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably and when the other contractual obligations of the entity are performed.

iii. Interest revenue

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discounts or premium.

iv. Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(i) Leases

Lease assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated entity were classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

Lease incentives under operating leases are recognised as liabilities. The incentives are recognised as a reduction of expenses on a straight line basis unless another systematic basis is more representative of the time pattern in which benefits are diminished.

(j) Income taxes

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax Consolidation

The company and its wholly owned Australian subsidiaries are part of a tax consolidated group under Australian taxation law. The company is the head entity.

Effective 1 July 2005, the tax consolidated group has entered into a tax sharing and funding agreement whereby each company in the group contributes to the income tax payable based on each company's notional stand-alone net income tax position for each year. The company as head entity is responsible for recognising only the current tax assets and liabilities and related franking credits of the tax consolidated group whilst deferred tax assets and liabilities are recognised by each company member.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, the tax funding agreement allows for the allocation of income tax liabilities between the member companies should the company as head entity default on its tax obligations. However, any additional contribution made by each subsidiary will be, firstly, deducted against other funding obligations owed by the subsidiary, and secondly, to the extent that it is not so deducted, it will be treated as a funding obligation owed by the company to the subsidiary.

(k) Inventories

Finished goods

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis. Cost comprises all costs of purchase and conversion and an appropriate proportion of fixed and variable overheads, net of settlement discounts. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(l) Receivables

Trade accounts receivables and other receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provision for doubtful accounts.

(m) Accounts payable

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition for items other than inventory purchases. For purchases of inventory, amounts are usually paid between 60 and 90 days of receipt of inventory, in accordance with contracts with suppliers.

(n) Borrowings

Bill facilities and bank overdrafts are recognised in the financial statements on the basis of the nominal amounts outstanding at the reporting date plus accrued interest. Borrowing costs are recognised as an expense in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(o) Property, Plant and Equipment

Property, plant and equipment are included as cost less where applicable any accumulated depreciation and impairment loss. Assets in plant and equipment (except for capitalised leased assets) are depreciated on a straight line basis over their estimated useful lives covering a period of three to six years.

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss in the statement of profit or loss and other comprehensive income.

(p) Intangibles

i. Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the statement of profit or loss and other comprehensive income.

ii. Brand Names

In previous financial years, the brand names were assessed as having an indefinite useful life given the existing longevity of Noni B brands, the indefinite lifecycle of the industry in which Noni B operates and the expected usage of the brand names in the future. However the directors believe a more appropriate treatment going forward is to amortise the brand names over 25 years on a straight-line basis. This change in accounting estimate was adopted during the period and management believe that the change in estimate will result in the financial report providing more relevant and reliable information.

Brand names are recognised as an asset and are tested for impairment annually. Whenever there is an indication that the brand names may be impaired any impairment is recognised immediately in the statement of profit or loss and other comprehensive income.

(q) Impairment Of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(r) Contingent Liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

(s) Short Term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, social security obligations, short-term compensation absences, profit-sharing and bonuses payables within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Group has a present obligation to pay resulting from employee services provided up to reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

(t) Long Term Employee Benefits

Long term employee benefits include long-service leave, long-term disability benefits, deferred compensation and profit sharing and bonuses payable 12 months or more after the end of the period in which employee service are rendered.

The liability for long service leave is recognised in current and non-current liabilities , depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

During the financial year ended 28 June 2009 and in prior years, selected executives were offered participation in the Deferred Employee Share Plan ("DESP"). Details of the DESP are set out in Note 29 to the financial statements. These benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date and are recognised as an expense.

(u) Events after the Reporting Date

Assets and liabilities are adjusted for events occurring after the reporting date that provide evidence of conditions existing at the reporting date.

(v) Cash and Cash Equivalents

Cash and cash equivalents comprise:

i. cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
ii. investments in money market instruments; and
iii. cash in transit.

(w) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented on a gross basis. The net amount of GST recoverable from or payable to the tax authority is included in the other receivable or payable.

(x) Customer loyalty programs

The company and the group operate a customer loyalty scheme. The scheme provides for rebate vouchers to be issued to customers twice yearly, based on customer's purchases during the loyalty period. The vouchers have expiry dates six weeks after issue. The company and the group allocate a portion of sales revenue to the liability for customer loyalty based on the historical redemption rate. The deferred portion is recognised as revenue only after all the rebate obligations have been fulfilled.

(y) Issued capital

Issued capital is recognised at the fair value of the consideration received by the consolidated entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(z) Dividends

Dividends are recognised when declared during the financial year.

(aa) Earnings Per Share

Basic Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Noni B Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(bb) Share-based payment arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share based payment transaction or as a liability if the goods and services were acquired in a cash settled share based payment transaction.

For equity-settled share based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

Refer to Note 29 for information about share-based payment arrangements, how the fair value of goods or services received and the fair value of equity instruments granted were determined and the effect of the transactions on statement of profit or loss and other comprehensive income and statement of financial position.

(cc) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(dd) Adoption of new and revised accounting standards

i. New accounting standards applicable in the current period;

The consolidated entity has adopted all new standards on issue effective for the financial year. There was no material impact as a result of adoption of these standards.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

ii. New accounting standards for application in future periods;

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

IFRS 15 – Revenue from contracts with customers

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. This is applicable for annual reporting periods beginning on or after 1 January 2017. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

(ee) Rounding of Amounts

The parent entity has applied the relief available under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(ff) Comparative Figures

Where required by accounting standards, the reclassification of comparatives has been performed in order to conform to the changes in presentation for the current financial year.

NOTE 3. REVENUE

	Consolidated 2014 $'000	2013 $'000
Sales of goods	112,136	121,511
Other revenue		
Jewellery commission	2,475	2,509
Sundry Income	232	417
Interest	157	195
Total other revenue	2,864	3,121
Other income		
Profit on sale of non-current assets	78	56

NOTE 4. EXPENSES

	2014	2013
Marketing and selling expenses	33,302	33,922
Occupancy expenses	31,381	30,687
Administrative expenses	7,441	8,293
Other expenses	234	228
Total expenses excluding finance costs	72,358	73,130

NOTE 5. PROFIT FOR THE YEAR

	2014	2013
Loss before income tax from continuing operations includes:		
Finance costs comprising interest attributed to:		
– commercial hire purchase	17	20
Total finance costs	17	20
Amortisation of non-current assets:		
– commercial hire purchase assets	105	111
Total amortisation	105	111
Depreciation of non-current assets	2,914	2,883
Inventory losses	660	681
Provision for inventory writedowns	310	404
Amortisation of brand names	167	–
Impairment of brand names	5,416	–
Impairment of goodwill	–	5,027
Impairment of property plant and equipment	245	133
Net expenses resulting in deductions from the carrying amounts of assets	9,712	9,128
Operating lease rental expenses	26,379	25,629
Employee benefits expense	31,632	32,456
Share based payments	(308)	28
Superannuation expense	2,624	2,546

NOTE 6. INCOME TAX

Major components of income tax expense

	Consolidated 2014 $'000	2013 $'000
Current income tax expense	–	987
Adjustment of prior year tax expense	(34)	23
Deferred tax	(1,115)	(308)
Income tax (benefit)/expense	(1,149)	702
Reconciliation between income tax (benefit)/expense and prima facie tax on accounting (loss)		
Accounting (loss)	(8,992)	(2,798)
Tax at 30% (2013-30%)	(2,698)	(839)
Tax effect on non-deductible expenses/(non-assessable items)		
Impairment of brand names	1,675	–
Impairment of goodwill	–	1,508
Share based expenses/write-backs	(92)	–
Other items	–	10
(Over) Under provision from prior year	(34)	23
Income tax (benefit)/expense	(1,149)	702
Tax Liabilities/(Assets)		
Current tax liabilities/(assets)	(618)	420
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	1,527	1,417
Lessors fit out contribution	387	394
Accruals	111	150
Provision for shrinkage/obsolescence/absorption costs	438	449
Depreciation timing differences	415	187
Provision for customer loyalty	119	140
Future tax benefit of tax losses	841	–
Other	14	6
Total deferred tax assets	3,852	2,743
Analysis of deferred tax liabilities:		
Income receivable from lay-by sales	60	79
Other	25	28
Total deferred tax liabilities	85	107

The movement in the above analysis in deferred tax assets of $1,109,000 and deferred tax liabilities of $22,000 for each temporary difference during the year is credited to the statement of profit or loss and other comprehensive income.

No amount has been recognised for the period as tax-consolidation contribution by or distribution to equity participants.

NOTE 7. TRADE AND OTHER RECEIVABLES

	2014	2013
Current		
Trade accounts receivable	332	427
Allowance for impairment loss	–	–
Total trade receivables	332	427
Other receivables and prepayments	702	958
Total current receivables	1,034	1,385
Non-current		
Other receivables and prepayments	3	5
Total non-current receivables	3	5

Current trade accounts receivables comprise lay by sale balances and are generally on 45 day terms.

Only an insignificant amount of trade receivables at reporting date is past due, and based on a review of these receivables the consolidated entity has made no provision for impairment loss for past due balances.

NOTE 8. OTHER FINANCIAL ASSETS/ CONTROLLED ENTITIES

Parent entity

	Country of incorporation	Proportion of ordinary ownership interest 2014	2013
Investments in subsidiaries			
Hapago Pty Ltd	Australia	**100%**	100%
Stellvine Pty Ltd	Australia	**100%**	100%
La Voca Pty Ltd	Australia	**100%**	100%

For each subsidiary, there were 2 fully paid ordinary shares at $1 each on issue at reporting date. The parent entity's total investment in subsidiaries was $6.

Consolidated

The parent entity within the group is Noni B Limited.

NOTE 9. INVENTORIES

	Consolidated 2014 $'000	2013 $'000
Current		
Finished goods at cost	**12,093**	14,011
Provision for obsolescence	**(310)**	(404)
Provision for shrinkage	**(10)**	(24)
Total inventories	**11,773**	13,583

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Plant and Equipment		
(a) Plant and equipment – at cost	**27,462**	29,139
Less accumulated depreciation/impairment	**(20,338)**	(20,845)
	7,124	8,294
(b) Commercial hire purchase – plant and equipment		
Plant and equipment under commercial hire purchase	**401**	321
Less accumulated amortisation	**(156)**	(185)
	245	136
Total property, plant and equipment	**7,369**	8,430
(c) Movements in Carrying Amounts		
(i) Plant and Equipment		
Movements during the year:		
Opening net book value	**8,294**	7,784
Additions	**1,990**	3,526
Disposals	**(91)**	–
Recoverable amount write-downs	**(155)**	(133)
Depreciation expense	**(2,914)**	(2,883)
Closing net book value	**7,124**	8,294
(ii) Plant and equipment under commercial hire purchase		
Movements during the year:		
Opening net book value	**136**	87
Additions	**214**	160
Amortisation expense	**(105)**	(111)
Closing net book value	**245**	136

NOTE 11. INTANGIBLE ASSETS

	2014	2013
Brand Names – at cost	**5,583**	5,583
Less: accumulated amortisation	**(167)**	–
Less: accumulated impairment	**(5,416)**	–
Net carrying value	**–**	5,583
Goodwill	**5,465**	5,465
Less: accumulated impairment losses	**(5,465)**	(5,465)
Net carrying value	**–**	–
Total intangibles	**–**	5,583

NOTE 11. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment Disclosures

The recoverable amount of the cash-generating unit's goodwill and brand names has been determined by a value in use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 3 years using a steady growth rate, together with a terminal value.

The key assumptions used in the models are those to which the recoverable amount of an asset is most sensitive.

The following key assumptions were used in the discounted cash flow model for the consolidated entity:

a. 18.76% (2013:18.77%) pre-tax discount rate

b. 1-3% (2013: 1-3%) per annum projected short term growth rate

The discount rate of 18.76% pre-tax reflects management's estimate of the time value of money and the entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 3% long term growth rate is reasonable and justified based on the current conditions.

There were no other key assumptions.

Based on management's projections and the above factors, an impairment loss based upon a value in use calculation of $5,416,000 relating to brand names was recognised for continuing operations in the 2014 financial year. The impairment loss was recognised in the statement of profit or loss and other comprehensive income.

The impairment is the result of lower sales revenue in the second half of the year, reflecting customer expectations of discounting which had been resisted by the company. Despite promotional activity in the fourth quarter, April and May 2014 sales were impacted by unseasonably warm weather and concerns about the federal budget, leading to a full year trading loss.

Based on management's projections and the above factors an impairment loss based upon a value in use calculation of $5,027,000 relating to goodwill was recognised for continuing operations in the 2013 financial year. The impairment loss was recognised in the statement of profit or loss and other comprehensive income.

NOTE 12. TRADE AND OTHER PAYABLES

	Consolidated	
	2014 $'000	2013 $'000
Current		
Trade accounts payable	7,759	10,308
Other payables	2,650	3,142
Lease incentives and fit-out contributions	518	474
Total current	10,927	13,924
Non-Current		
Lease incentives and fit-out contributions	821	901
Total non-current	821	901

NOTE 13. BORROWINGS

Current		
Secured borrowings:		
Commercial hire purchase liabilities	107	117
Total current secured borrowings	107	117
Non-current		
Commercial hire purchase liabilities	230	105
Total non-current secured borrowings	230	105

Commercial hire purchase liabilities are secured by the assets subject of the commercial hire purchase agreements.

NOTE 14. PROVISIONS

Current		
Employee benefits	4,295	4,106
Total current provisions	4,295	4,106
Non-current		
Employee benefits	796	617
Total non-current provisions	796	617
Aggregate employee entitlements	5,091	4,723
	Number	Number
Number of employees	1,022	1,077

NOTE 14. PROVISIONS (CONTINUED)

Amounts not expected to be settled in the next twelve months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment in the next twelve months. The amount that is not expected to be taken within the next twelve months including on costs is $1,708k.

NOTE 15. ISSUED CAPITAL

	Consolidated	
	2014 $'000	2013 $'000
32,090,136 ordinary shares fully paid (2013: 32,090,136 ordinary shares)	20,754	22,105

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the numbers of shares held.

At Shareholder meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

On 30 October 2013, the share capital of the Consolidated entity was reduced in accordance with Section 258F of the Corporations Act. The amount of the reduction was $1,351k and represented the value of the accumulated losses of the consolidated entity at 30 June 2013.

	$'000	$'000
Balance at beginning of financial year	22,105	22,105
Capital reduction at 30th October 2013	(1,351)	–
Balance at end of financial year	20,754	22,105

There were no movements in number of fully paid ordinary shares during the year.

	Number	Number
Balance at end of financial year	32,090,136	32,090,136

Equity reserve

The equity reserve is used to recognise items recognised as expenses on the valuation of shares issued to employees on various employee share plans as detailed in Note 29.

Capital risk management

The group debt and capital includes shareholders' funds and financial liabilities, supported by financial assets.

Directors effectively manage the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

For information on the consolidated entity's financing and debt facilities, refer to note 27.

The consolidated entity is subject to certain financing arrangements and covenants and meeting these is a given priority in all capital risk management decisions.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains below 25%. The gearing ratios for the years ended 29 June 2014 and 30 June 2013 for the consolidated entity are as follows:

	Note	29 June 2014 $'000	30 June 2013 $'000
Total debt	13	337	222
Total equity		12,701	21,333
Total capital		13,038	21,555
Gearing ratio		2.6%	1.0%

NOTE 16. FINANCIAL INSTRUMENTS

(a) Financial and capital risk management

Financial Risk Management Policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits and short term borrowings. These activities expose the Group to a variety of financial risks: market risk, i.e. (interest rate risk, currency risks and price risk), credit risk and liquidity and cash flow risk.

NOTE 16. FINANCIAL INSTRUMENTS (CONTINUED)

The Board fulfils its corporate governance and oversight responsibilities by monitoring and reviewing the integrity of financial statements, the effectiveness of internal financial control and the policies on risk oversight and management. The Board manages the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to interest risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

The Board's overall risk management strategy seeks to assist the group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

Management operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis.

The consolidated entity does not engage in any significant transactions that are speculative in nature.

(b) Market Risk

i. Interest Rate Risk

The majority of Noni B's assets and liabilities are non-interest bearing and as a result, reasonable fluctuations in the prevailing levels of market interest rates would have minimal effect.

Exposure to interest rate risks on financial assets and liabilities are summarised as follows:

Interest rates on commercial hire purchase agreements are fixed for the terms of the contracts and are not subject to changes in market interest rates. Currently the group has no bank borrowing therefore there is no exposure (2013: nil) for any increase/ decrease in market interest rate.

ii. Foreign Exchange risk

The group has no direct exposure to foreign currency risk.

iii. Price risk

The group has no direct exposure to any material equity securities or commodity price risk.

(c) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date for recognised financial assets is the carrying amount, net of any provisions for impairment loss, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Current trade account receivables are non-interest bearing loans and are generally on 45 day terms.

Only an insignificant amount of trade receivables at reporting date is past due. The Group has made no provision for impairment loss for past due balances.

(d) Liquidity and cash flow risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The tables below analyse the Group's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both principal and interest cash flows disclosed as remaining contractual maturities and therefore the totals may differ from their carrying amount in the statement of financial position.

Consolidated $'000	Weighted Average Interest Rate	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Total
2014						
Financial liabilities:						
Trade and other payables	–	6,663	3,746	–	–	10,409
Bank borrowings	–	–	–	–	–	–
Commercial hire purchase	5.85%	10	21	93	242	366
		6,673	3,767	93	242	10,775
2013						
Financial liabilities:						
Trade and other payables	–	8,643	4,807	–	–	13,450
Bank borrowings	–	–	–	–	–	–
Commercial hire purchase	6.56%	9	25	94	109	237
		8,652	4,832	94	109	13,687

NOTE 16. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Net Fair Values

The carrying amounts of financial assets and liabilities as shown in the statement of financial position approximate their fair value.

NOTE 17. COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2014 $'000	2013 $'000
(a) Commercial hire purchase		
Present value of minimum commitments under hire purchase arrangements:		
Payable within 1 year	124	127
Payable within 1-5 years	242	110
Total minimum payments under hire purchase liability	366	237
Less: future finance charges	(29)	(15)
Total hire purchase liability	337	222

Commercial hire purchase on motor vehicles are generally over a three year period with a residual of 30-40% on completion.

(b) Operating leases contracted for at the end of the year but not provided for in the financial statements:

	2014 $'000	2013 $'000
Total future minimum lease payments under non-cancellable operating leases:		
Payable within 1 year	14,158	18,450
Payable within 1-5 years	18,801	28,537
Payable in more than 5 years	52	357
	33,011	47,344

Property leases on retail stores are mostly non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by CPI or a percentage factor. Certain agreements have option arrangements to renew the lease for an additional term.

(c) Capital expenditure contracted for but not provided for in the financial statements

	2014 $'000	2013 $'000
Plant and equipment expenditure payable within 1 year	–	586
Total capital expenditure commitments	–	586

NOTE 18. CASH FLOW INFORMATION

(a) Cash and cash equivalents

	2014 $'000	2013 $'000
Cash and cash equivalents include the following:		
Cash at bank	545	574
Cash on hand	49	49
Cash in transit	699	990
Short term deposits	4,020	8,288
Total cash and cash equivalents at end of period	5,313	9,901

(b) Reconciliation of net cash provided by operating activities to profit after income tax

	2014 $'000	2013 $'000
Profit (loss) after income tax	(7,843)	(3,500)
Aggregate inventory write downs and other losses	970	1,085
Depreciation	2,914	2,883
Amortisation – vehicles under commercial hire purchase	105	111
Loss on sale/Write-down of assets to recoverable amount	245	133
Impairment of goodwill	–	5,027
Amortisation of brand names	167	–
Impairment of brand names	5,416	–
Gain on disposal of property, plant and equipment	(78)	(56)
Share based payments	(308)	28
Change in assets and liabilities:		
Decrease in trade and other receivables	352	103
Decrease in inventories	840	670
(Increase) in deferred tax assets	(1,726)	(298)
Decrease in deferred tax liabilities	(22)	(10)
Increase/(decrease) in trade and other payables	(3,076)	(478)
Increase/(decrease) in income tax liability	(420)	31
Increase in provisions	368	417
Net cash flow from operating activities	(2,096)	6,146

NOTE 18. CASH FLOW INFORMATION (CONTINUED)

(c) Non cash financing and investing activities

During the year the consolidated entity acquired motor vehicles for $214,000 (2013: $160,000) by commercial hire purchase.

(d) Financing arrangements

The consolidated entity has access to the credit line facilities per Note 27.

NOTE 19. DIVIDENDS PAID

(a) Ordinary dividends

No final ordinary dividend (2013: 3.5 cents per share fully franked)	–	1,123
Fully franked interim ordinary dividend of 1.5 cents per share (2013: 2.5 cents per share)	481	802
Total dividends paid	481	1,925

(b) Dividends not recognised at the end of the reporting period

The directors have not recommended the payment of any final dividend since the end of the year or the previous year.

NOTE 20. DIVIDEND FRANKING CREDITS

Amount of franking credits adjusted for decreased franking credits that will arise from the refund of instalments paid in relation to the current year.

Balance at end of the year	6,405	6,192

NOTE 21. SEGMENT INFORMATION

Noni B Limited operates wholly within one geographic region – Australia. The principal activity is the retail of women's apparel and accessories.

NOTE 22. RELATED PARTY DISCLOSURES

Other than disclosed in this report, transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent and Ultimate Controlling entity

Noni B Limited is the parent and ultimate controlling entity.

Key Management Personnel

Disclosures relating to key management personnel are set out below and in the remuneration report in the directors' report.

NOTE 22. RELATED PARTY DISCLOSURES (CONTINUED)

The aggregate compensation to directors and other members of the key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014 $'000	2013 $'000
Short-term employee benefits	1,402,682	1,446,527
Post-Employment benefits	112,498	140,824
Other long term benefits	28,830	49,434
Share based payments	(311,838)	27,499
	1,232,172	1,664,284

Transactions with related parties

Directors

Rent paid on head office premises to The ABJD Trust (a related party to Alan Kindl, David Kindl and James Kindl as directors)	399,294	383,512
Directors fees for Alan Kindl were paid to Kindl Holdings Pty Ltd, a related party to Alan Kindl, David Kindl and James Kindl as directors	–	22,186

Apart from the details disclosed in this note, no director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

NOTE 23. EARNINGS PER SHARE

(a) Reconciliations of earnings per share

Continuing operations

Profit (loss) used in calculating basic and diluted earnings per share ordinary share	(7,843)	(3,500)

(b) Reconciliations of weighted average number of ordinary share

	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of Basic EPS	32,090,136	32,090,136

	Consolidated	
	2014 $'000	2013 $'000
Weighted average number of ordinary shares outstanding during the year used in the calculation of Diluted EPS	32,090,136	32,090,136
Basic earnings per share (cents per share)	(24.4)	(10.9)
Diluted earnings per share (cents per share)	(24.4)	(10.9)

NOTE 24. SUPERANNUATION COMMITMENTS

Noni B Limited contributes to industry based retirement plans and other funds which provide accumulated benefits to permanent employees. The level of contribution is determined by the Superannuation Guarantee Legislation. Noni B Limited has no responsibility for the administration or performance of these industry based funds.

NOTE 25. AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
– Audit and review of the financial reports	136,000	131,000
– Tax compliance services	30,000	70,200
Total auditor remuneration	166,000	201,200

NOTE 26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated entity is not aware of any contingent assets and liabilities at reporting date.

The consolidated entity currently has the following bank guarantees and facilities in place. The guarantees are held by lessors as security against non-performance in relation to store leases.

	2014 $'000	2013 $'000
Bank guarantees – limit	230	230
Current exposure	225	225

NOTE 27. CREDIT STANDBY ARRANGEMENT AND LOAN FACILITIES

The consolidated entity has access to the following credit facilities:

Amount of credit facilities available		
Business Card	385	395
Market Rate Facility	3,000	3,000
Bank Guarantees	230	230
Total	3,615	3,625
Amount of credit facilities unused		
Business Card	373	377
Market Rate Facility	3,000	3,000
Bank Guarantees	5	5
Total	3,378	3,382

Due to the lower than expected second half year performance, at 29 June 2014, the consolidated entity was in breach of its covenants relating to its market rate facility. Subsequently, the bank agreed to waive the breach.

The Company is seeking to modify the terms in relation to its undrawn market rate facility with the National Australia Bank. In order to provide certainty with respect to the cash flow needs of the business, the Company has entered into an agreement with Mr Alan Kindl which allows the Company to borrow up to $3.0 million at a commercial rate. The agreement between the Company and Mr Alan Kindl is on arm's length terms.

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

In May 2014, the Company announced that its independent directors were considering and discussing with the Kindl family, Noni B's significant shareholders, strategic alternatives with respect to the Company's capital structure.

In June 2014, the Company announced that it had been approached by third parties interested in investigating the possible acquisition of a controlling stake in, or the entire share capital of, the Company. The board appointed a sub-committee consisting of the two independent directors to assess the Company's strategic alternatives and TC Corporate Pty Ltd was appointed to act as corporate adviser to this sub-committee.

Following an extensive strategic review, on 3 September 2014 the Company announced that it had entered into a Takeover Bid Implementation Deed with Alceon Group Pty Ltd ("Alceon") with respect to an all cash bid for the Company at 51 cents per share. The board has unanimously recommended that shareholders accept the Alceon offer in the absence of a superior proposal. NB Bidco Pty Ltd (a related entity to "Alceon") Bidder's Statement and Noni B Target's Statement were lodged with ASIC and the ASX on 29 September 2014.

The Company is seeking to modify the terms in relation to its undrawn market rate facility with the National Australia Bank. In order to provide certainty with respect to the cash flow needs of the business, the Company has entered into an agreement with Mr Alan Kindl which allows the Company to borrow up to $3.0 million at a commercial rate. The agreement between the Company and Mr Alan Kindl is on arm's length terms. As at the date of this report, no amounts have been drawn down against this facility.

The market for Noni B's range of womenswear has continued to be difficult in the first two months of the new financial year. The Company's (unaudited) management accounts indicate a fall in sales for July and August 2014 of 15% compared with the same period in last year. As in previous years, July and August incur losses. As a result of the fall in sales, year to date unaudited result after tax to August was a $2.5 million loss (pcp: $1.4 million loss.)

Other than the above and elsewhere in this document, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Noni B Limited, to affect significantly the operation of Noni B, the results of those operations, or the state of affairs of Noni B Limited in future financial years.

NOTE 29. EMPLOYEE EQUITY-BASED BENEFIT ARRANGEMENTS

Deferred Employee Share Plan ("DESP")

The Board considers the motivation, retention and performance of executives of Noni B and its subsidiaries to be important to the achievement of the consolidated entity's long term objectives.

Accordingly the consolidated entity has a plan for employee incentives in the form of a Deferred Employee Share Plan ("DESP") for senior executives.

DESP

The following is a summary of the principal terms of the plans since inception on 22 July 2005:

- The Plan is facilitated by a Trust under which the Plan Trustee holds ordinary shares on trust for the participants on the terms of the Plan.
- Executives and other employees including non-executive Directors of the consolidated entity will be eligible to participate in the Plan as determined by the Board in its absolute discretion.
- Senior executives can sacrifice a portion of their current year cash bonus entitlement.
- Shares may be allocated to eligible employees as part of their annual bonus or remuneration package.
- Shares can be offered by way of grants to executives based on a range of service and/or performance conditions as specified by the Board.
- Directors can participate only by way of sacrificing Directors' fees.
- Shares will be acquired on-market by the Trustee via trading on the ASX, other purchases or from a new issue of shares.
- The shares acquired under the Plan will normally be held on trust by the Trustee until the shares have vested with the particular participant subsequent to satisfaction of any performance and/or criteria and an application for withdrawal has been accepted by the consolidated entity.
- Participants are entitled to receive any dividends or other distributions or entitlements made in respect of shares held by the Plan Trustee for the participant's benefit.
- Participants are also entitled to participate in any rights and bonus issues but not in any dividend reinvestment plans.
- Participants may also direct the Plan Trustee to vote shares held on trust for the participant but the Plan Trustee is not entitled to vote on any resolution where voting is by show of hands.

The fair value at grant date is independently determined using a Binomial Approximation Option Valuation Model that takes into account the exercise price, the term of the rights over shares, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights over shares.

The assessed fair value and model inputs for rights over shares grants which remain operative at 29 June 2014 or which were in force during the year ended 29 June 2014 were as follows:

NOTE 29. EMPLOYEE EQUITY-BASED BENEFIT ARRANGEMENTS

Offer dated 23 April 2008 and subsequent offer dated 22 June 2009 (Service and performance conditions apply)

Offer dated	23 April 2008	22 June 2009
Number of rights available	200,000	100,000
The assessed fair value at date of grant for each offer was	246 cents	92.3 cents

The model inputs for rights over shares granted at 23 April and 22 June 2009 included:

a. exercise price	Nil	Nil
b. grant date	23 April 2008	22 June 2009
c. expiry date	1 September 2013	1 September 2013
d. share price at grant date	251 cents	90 cents
e. expected volatility of the company's shares	25.76%	36.96%
f. expected dividend yield	5.963%	7.26%
g. risk free interest rate	6.54%	5.32%

The performance conditions related to this offer were not met. Accordingly rights related to these offers lapsed during the year.

Total credit arising from reversal of share-based payment transactions for offers dated 23 April 2008 and 22 June 2009 recognised during the year as part of employee benefit expense was $334,592 (2013:$27,569 expense)

Offer dated 16 June 2014 and subsequent offer dated 20 June 2014 (Service conditions apply)

Offer dated	16 June 2014	20 June 2014
Number of rights available	259,646	56,000
The assessed fair value at date of grant for each offer was	44.01 cents	45.01 cents

The model inputs for rights over shares granted at 16 June and 20 June 2014 included:

a. exercise price	Nil	Nil
b. grant date	16 June 2014	20 June 2014
c. expiry date	29 August 2014	29 August 2014
d. share price at grant date	44 cents	45 cents
e. expected volatility of the company's shares	52.98%	53.02%
f. expected dividend yield	0%	0%
g. risk free interest rate	2.65%	2.65%

Total charge arising share-based payment transactions for offers dated 16 June 2014 and 20 June 2014 recognised during the year as part of employee benefit expense was $27,036 (2013: nil)

NOTE 30. PARENT ENTITY INFORMATION

	Parent	
	2014 $'000	2013 $'000
Information relating to Noni B Limited:		
Current Assets	**18,738**	24,869
Total Assets	**29,962**	41,630
Current Liabilities	**15,329**	18,567
Total Liabilities	**17,261**	20,297
Issued Capital	**20,754**	22,105
Accumulated Losses	**(8,324)**	(1,351)
Equity Reserve	**271**	579
Total Shareholders' Equity	**12,701**	21,333
(Loss) after tax	**(7,843)**	(3,500)
Total Comprehensive Income	**(7,843)**	(3,500)

The commitments and contingent liabilities are the same for the parent as for the group as disclosed in Notes 17 and 26. Refer to Note 15 for a reconciliation of issued share capital.

The Accounting policies of the parent entity are consistent with those of the Consolidated entity.

— DIRECTORS' DECLARATION —

In the directors' opinion:

a. the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

b. the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

c. the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 29 June 2014 and its performance for the financial year ended on that date; and

d. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295 (5) of the Corporations Act 2001 and is signed for and on behalf of the directors by;

Joycelyn Morton
Chairman

James Kindl
Joint Managing Director

David Kindl
Joint Managing Director

Declaration made 30 September 2013

— INDEPENDENT AUDITOR'S REPORT —

TO THE MEMBERS OF NONI B LIMITED

BDO

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Noni B Limited, which comprises the consolidated statement of financial position as at 29 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Noni B Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Noni B Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 29 June 2014 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of $7,843,000 and net cash outflow from operating activities of $2,096,000 for the year ended 29 June 2014. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 6 to 14 of the directors' report for the year ended 29 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Noni B Limited for the year ended 29 June 2014 complies with section 300A of the Corporations Act 2001.

BDO East Coast Partnership

BDO

J Bresolin

John Bresolin
Partner
Sydney, 30 September 2014

— ADDITIONAL INFORMATION —

SHAREHOLDING

The shareholder information set out in the tables below was applicable as at 30 October 2014. The company presently has one class of equity securities on issue, being fully paid ordinary shares.

At a general meeting, every member present in person or proxy, attorney or representative has one vote on a show of hands. On a poll, every member present has one vote for each fully paid share held.

(a) Distribution of Shares

Size of Holding	Ordinary Shares
1 – 1,000	238
1,001 – 5,000	464
5,000 – 10,000	161
10,000 – 100,000	190
100,001 and over	39
Total Number of Shares	1,092

There were 161 holders of less than a marketable parcel of ordinary shares.

b) Twenty Largest Shareholders

Name of the 20 Largest Shareholders	Ordinary Shares Held	% of Issued Shares
*Mr Alan Alec Kindl	3,867,736	12.05
*Mr David Alan Kindl	3,500,000	10.91
*Mr James Adam Kindl	3,500,000	10.91
Gannet Capital Pty Limited	3,000,000	9.35
*Mrs Betty Kindl	2,113,617	6.59
HSBC Custody Nominees (Australia) Limited	748,266	2.33
*RBC Investor Services Australia Nominees Pty Limited	592,343	1.85
*Mr Gabriel Berger	426,574	1.33
*Divopu Pty Ltd	374,804	1.17
One Managed Investment Funds Limited	362,750	1.13
Cameron Williams Pty Limited	350,000	1.09
*FLST Pty Ltd	340,000	1.06
Flannery Foundation Pty Ltd	290,000	0.90
*Kindl Holding Pty Ltd	287,798	0.90
Locope Pty Ltd	275,000	0.86
ABN Amro Clearing Sydney Nominees Pty Ltd	202,907	0.63
*Mrs Marina Snyman	201,535	0.63
*Chiatta Pty Ltd	200,000	0.62
Mrs Janine Alexandra Sian Hoffman	200,000	0.62
Prussner Investments Pty Ltd	200,000	0.62
Total Twenty Largest Shareholders	21,033,330	65.54

*Denotes that, at 30 October, acceptances have been received from these shareholders in relation to the takeover offer from NB Bidco Pty Ltd

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