NONI B

— 2013 —

ANNUAL REPORT

NONI B, FOUNDED IN 1977, IS ONE OF AUSTRALIA'S LEADING FASHION RETAILERS, WITH 219 STORES COVERING EVERY STATE AND TERRITORY, AND A WEBSHOP.

—

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

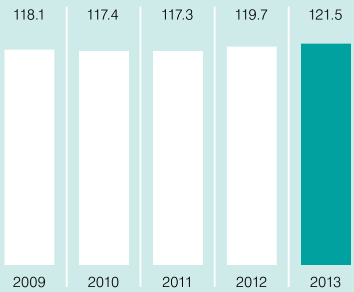
OUR DEDICATED TEAM IS PASSIONATE ABOUT PROVIDING WOMEN WITH AN INSTORE EXPERIENCE WHERE PERSONALISED ADVICE IS THE BASIS OF GREAT CUSTOMER SERVICE. OUR STYLES ARE DESIGNED TO MAKE OUR CUSTOMERS LOOK AND FEEL GOOD THROUGHOUT THE DAY AND EVENING, EVEN WHEN THEY TRAVEL. THE EXCLUSIVE NONI B AND LIZ JORDAN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

2013 ANNUAL REPORT

— FINANCIAL SUMMARY —

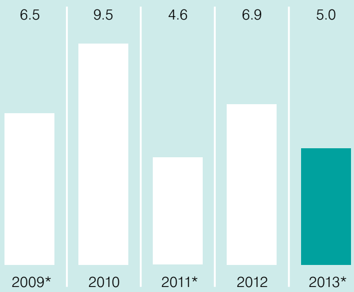
Sales Revenue ($m)

$121.5 MILLION



EBITDA ($m)

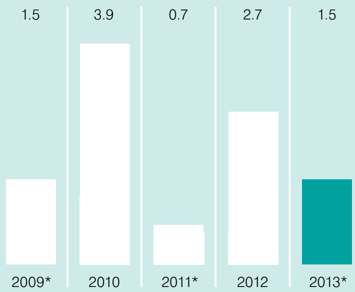
$5.0 MILLION



*Underlying

NPAT ($'000)

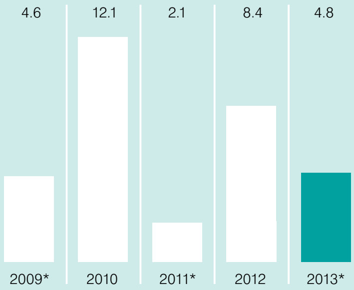
$1.5 MILLION



*Underlying

Earnings per Share

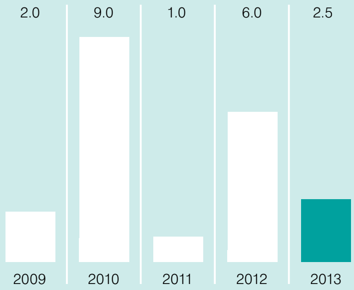
4.8 CENTS



*Underlying

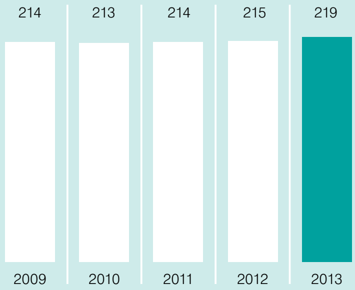
Dividends per Share

2.5 CENTS



Number of Stores

219



— RESULTS SUMMARY FOR THE YEAR —

	Underlying		**Reported**	
	FY 2013* $'000	FY 2012 $'000	**FY 2013 $'000**	FY 2012 $'000
Sales revenue	121,511	119,705	121,511	119,705
Earnings before interest, tax, depreciation and amortisation	5,049	6,926	5,049	6,926
Earnings before interest and tax	2,054	3,648	(2,973)	3,648
Earnings before tax	2,229	3,883	(2,798)	3,883
Profit after tax	1,527	2,682	(3,500)	2,682
Earnings per share (cents)	4.8	8.4	(10.9)	8.4
Total ordinary dividends per share (cents – fully franked)	2.5	6.0	2.5	6.0

*Underlying excludes impairment write off of $5.0m

— CHAIRMAN'S REPORT —

THE RETAIL INDUSTRY ENCOUNTERED DIFFICULT TRADING CONDITIONS DURING THE YEAR... AND NONI B WAS NO EXCEPTION.

JOYCELYN MORTON, CHAIRMAN

The retail industry encountered difficult trading conditions during the year, exacerbated by the economic and political uncertainty prevailing in Australia, and Noni B was no exception. While sales increased by 1.5% to $121.5 million despite one less week's trading, the company's after-tax profit was $1.5 million before a charge for goodwill impairment. This compared with $2.7 million in FY2012 and with guidance of between $1 million and $1.5 million in April 2013.

As foreshadowed in an announcement in June 2013, the company wrote off the remaining goodwill created when it was listed on the ASX in 2000. This resulted in a non-cash impairment charge of $5.0 million and a statutory loss of $3.5 million for the year

On a positive note, Noni B's cash balance increased to $9.9 million from $9.3 million at 1 July 2012 and the company has no bank borrowings.

A final dividend of 3.5 cents per share fully franked in respect of FY2012 was paid to shareholders in October 2012, followed in March 2013 by an interim dividend of 2.5 cents per share fully franked for FY2013. Given the operating loss in the second half of the financial year, no final dividend for FY2013 was declared.

Your directors recognise that this was a disappointing performance. Although the retail environment has been difficult, we acknowledge that operational changes are necessary to return the company to a more acceptable profit. Actions implemented to date are outlined in the joint managing directors' review, and more will follow.

We continue to provide our customers with a wide range of career, casual and evening wear with great style, fit and quality. Our two exclusive fashion labels – Noni B, our signature collection, and Liz Jordan, our designer collection – have continued to evolve with our travel range of non-crush garments and a new Noni+ range for the plus size woman.

Noni B is differentiated in our market through the high standard of personal service that we offer customers in our 219 stores across Australia. This helps to secure their loyalty, which is maintained with targeted offers throughout the year. We are also expanding our customer base through our webshop which achieved its target of $1.0 million in sales for the year.

Lynn Wood, who had been a non-executive director of Noni B since January 2007 and chairman since October 2008, resigned on 1 May 2013 and I assumed the chair. The board thanks Lynn for her contributions over the past six years.

Leo Tutt, an experienced executive and non-executive director, joined the board on 23 May 2013 and has been appointed chairman of both the audit and risk and the remuneration committees. We are very grateful that a director of his experience has agreed to join the company.

I thank our shareholders for their support during this difficult period. You can be assured that your directors are committed to returning Noni B to an acceptable level of profitability as soon as possible. To encourage cost savings throughout the company, I have reduced the fee payable to the chairman by $38,175 per annum for the next year.

I would also like to thank our staff throughout the business for their hard work and commitment to the company and for providing excellent service to our customers

Joycelyn Morton
Chairman
27 September 2013

— JOINT MANAGING DIRECTORS' REVIEW —

The entire women's fashion sector was affected by a lack of consumer confidence in FY2013 and we acknowledge that Noni B's result was unsatisfactory. We are not waiting for demand to improve; we are focused on managing as effectively as possible what we can control. We have adopted a plan to improve the company's performance through increasing sales, increasing margins and controlling costs. The actions we are taking are summarised below.

We encourage customer feedback and the 'Your Voice' page on our website enables customers to communicate directly with us, as joint managing directors, so we receive immediately their comments on our products and services and their suggestions for new ranges. Customer feedback led to the launch of our travel range of easy-care garments, that has been very popular as people have increased their overseas travel, and our Noni+ range for the plus-size woman that was introduced in November 2012. Initially, Noni+ garments were available only through our webshop, but now they are being offered in selected stores.

Our webshop, which reached its $1 million sales target for the year, is opening up opportunities for additional sales, and we are increasing its smartphone compatibility and introducing a currency converter to assist overseas customers. The average online spend and the proportion of Liz Jordan purchases are higher than in our stores, and increasing numbers of customers are viewing our ranges online before visiting a store.

— ACTION TO IMPROVE NONI B'S PERFORMANCE —

Increase sales: New product ranges will be introduced; we are aiming to grow online sales, especially overseas; we will continue to refurbish stores; and a new customer relationship management system is enabling us to target individual customers with offers that will appeal to them.

Increase margins: Lower inventory should enable us to reduce end-of-season price reductions; in-store promotional discounting is planned to be reduced; and some supplier terms have been renegotiated.

Control costs: All costs will remain under scrutiny; underperforming stores will be closed; and we will increase our focus on securing favourable terms when renewing leases.

SALES

Despite an extra week's trading in FY2012, sales for the year increased by 1.5%, and on a comparative store basis by 1.2% normalised for the extra week. This was not enough, however, to compensate for discounting across the sector or to cover the increase in our cost of doing business.

Consumers are increasingly discerning when choosing clothes and expect a positive shopping experience. We continue to differentiate Noni B through offering product that has high quality, style, perfect fit and value. We also provide friendly, professional customer service, with personal styling sessions, for which we have recently introduced an online booking facility, and staff trained to give advice on the most appropriate fashion for each customer. All our store managers and assistant managers have completed a diploma course in retail management and we expect the benefits to become apparent during the coming year.

A further 95,000 names were added to our loyalty club database which contains more than one million customers. We have introduced recently a new customer relationship management system to enable us to contact them selectively and efficiently by email with special offers that we believe, based on their previous purchases, will appeal to them. Through making our customers feel special and giving them great service we are better placed to contain discounting.

MARGINS

Gross margin was affected by the aggressive discounting in the women's fashion sector, and also by a $400,000 write-off of aged inventory. While our full price margin was higher, our final gross margin after this write-off was 59.4% of sales compared with 59.6% in FY2012.

In view of the weak market conditions, we decided to reduce inventory towards the end of the year, and its value at 30 June 2013 was $13.5 million, 11.4% below June 2012. We believe we can maintain this lower level in FY2014, reducing the need for end-of-season price reductions and – together with less reliance on promotional discounting – leading to higher average margins.

We have also increased our focus on category management, diverting investment into high turnover categories and reinvigorating our designer Liz Jordan range.

All our garments are purchased in Australian dollars from local importers, and some supplier terms have been renegotiated to improve margins. All our inventory suppliers have signed ethical practices agreements.

COSTS

Total expenses increased by 3.8%. Sales expenses, including wages and marketing costs, were 4.7% higher, due mainly to higher wage costs, staff training and the introduction of Sunday trading in Western Australia.

Noni B's executive committee: David Kindl; Rhonda Kilpatrick; Phillip Fikkers; Ann Phillips; James Kindl

Occupancy expenses, including rents and depreciation of store fit-outs, increased by 4.7%. This was due to a 1.9% increase in store numbers and to contracted increases in store rents, partially offset by reductions on lease renewals. Leases signed just before the global financial crisis are due to be renegotiated over the next twelve months, and in many cases we expect to secure lower rents. Generally, landlords now are more flexible and leases for three of the new stores opened during the year were agreed on the basis of a 12-month trial, enabling us to terminate them if sales targets are not met or extend them if the stores are successful.

FINE-TUNING OUR STORE NETWORK

During the year we opened eight stores – three each in New South Wales and Queensland and one each in Victoria and Western Australia – and closed four underperforming stores – two in New South Wales and one each in Victoria and Western Australia. At the end of the year we had 219 stores, up from 215 a year earlier; further growth will depend on securing attractive lease terms in areas where we are not represented.

We have resumed our refurbishment program, which was on hold during the global financial crisis, and are installing progressively a new, contemporary store fit-out to help provide a positive shopping experience for our customers.

A STRONG CASH POSITION

The company's cash balance grew to $9.9 million from $9.3 million and, with a conservative balance sheet and no bank borrowings, we are in a strong position to take advantage of growth opportunities. Cash flow from operations was down by 12.6% to $6.1 million during the year, reflecting increased costs. Investment in new stores and fit-outs increased by 53% to $3.5 million.

LOOKING AHEAD

The past five years have been very difficult for the women's fashion sector. While our results have been disappointing, we have maintained Noni B's quality and service standards, helping us to retain our customers' loyalty. We believe that this loyalty, combined with the company's strong brands and the actions we are taking to increase sales and margins and to control costs, will lead to improved performance.

Our people are our major strength; we thank them for their contribution to the business and their determination to help us overcome our current market challenges.

David Kindl
Joint Managing Director
27 September 2013

James Kindl
Joint Managing Director

— A TRADITION OF SERVICE —

PERSONAL CUSTOMER SERVICE HAS UNDERPINNED THE GROWTH OF NONI B'S BUSINESS SINCE 1977. WE BELIEVE IN THE ONGOING DEVELOPMENT OF OUR STAFF, SO THEY CAN HELP TO SECURE AND MAINTAIN THE LOYALTY OF OUR CUSTOMERS.

— CUSTOMER COMMENTS —

I had a lovely shopping experience in your Garden City store recently; I am a fairly tentative shopper and appreciate some assistance. Clare and Robyn were wonderful and I ended up buying quite a lot more than I intended. What an asset to your company they are, so helpful and encouraging and with great humour and knowledge. Thank you ladies; I will be back there soon.

ELIZABETH, MT GRAVATT, QLD

Thank you to the lovely lady at Noni B Erina, who helped me out today with a problem. 110% customer service. And one very happy Noni B customer.

JULIE ANNE, ERINA, NSW

I had a wonderful personal styling service today at Morayfield Noni B! I was served by Dee who was absolutely gorgeous! I went in to buy a blouse as a treat and ended up getting five lovely tops, a gorgeous three-quarter trench jacket and a stunning skirt, all by Liz Jordan! I will be going back for more excellent service. Thanks Dee!

JULIE, ELIMBAH, QLD

— THE TRADITION CONTINUES —

“OUR WEBSHOP CONTINUES OUR TRADITION OF SERVICE. INCREASINGLY, CUSTOMERS ARE CHOOSING TO ORDER ONLINE OR TO VIEW OUR FASHION RANGES AT HOME BEFORE THEY VISIT A NONI B STORE.”

— DIRECTORS' REPORT —

Noni B's board of directors: David Kindl; James Kindl; Joycelyn Morton; Leo Tutt; Alan Kindl

Your directors present their report on Noni B Limited ("the company") and its controlled entities for the financial year ended 30 June 2013.

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 joined the Board in January 2009 and was appointed Chairman on 1 May 2013. Until 27 May 2013, Joycelyn was Chair of the Audit and Risk Management Committee.

Joycelyn is a non-executive director and member of both the Audit and Corporate Governance Committees of Argo Investments Limited and a non-executive director and Chair of the Audit, Risk and Compliance Committee of Thorn Group Limited. 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 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 Chartered Secretaries 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 Chartered Secretaries 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.

Lynn Wood – Chairman (Non-executive)

Lynn Wood was Chairman of the Company from October 2008 to May 2013. Lynn resigned as Chairman and as a director on 1 May 2013.

COMPANY SECRETARY

Ann Phillips – Chief Financial Officer and Company Secretary

Ann Phillips joined Noni B in October 2008. In August 2010 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 Chartered Secretaries 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 taken place during the reporting period.
2. The performance evaluation of the board and its members was 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 30 June 2013 after providing for income tax was $3,500,000 (2012 Profit: $2,682,000).

DIVIDENDS PAID, DECLARED OR RECOMMENDED

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

	$'000
Fully franked final ordinary dividend paid on 25 October 2012 of 3.5 cents per share	1,123
Fully franked interim ordinary dividend paid on 27 March 2013 of 2.5 cents per share	802

OPERATIONAL AND FINANCIAL REVIEW

Our Business

Noni B Limited (ASX: NBL) is a women's fashion retailer, founded in 1977, that sells clothes under its own brands through 219 stores across Australia and online through a webshop.

Business Model

Noni B is a retailer of women's apparel, operating for over 35 years. It is recognised for a wide range of casual, career and evening wear targeting today's busy woman who wants to look great and feel special. Noni B stores stock two exclusive fashion labels: Noni B – our signature collection; and Liz Jordan – our designer collection. The company also stocks a range of accessories on consignment.

The Noni B philosophy is all about people. Customer service is our core value and the company has identified this as a key differentiator in the new retail world of online sales and considered spending. Noni B also believes in the ethical treatment of staff. Noni B requires our product suppliers to sign ethical practice agreements. Noni B is only interested in designing and selling the best quality garments with great value for its customers. The company's product team travel the world to bring back inspired styles and designs for its customers.

Noni B operated 219 stores in all states and territories within Australia at 30 June 2013 as well as a webshop that sells locally and internationally. The stores are located in shopping centres and strips throughout Australia. The average store size is 115m2 and an average of two to three team members per store work each day.

The company has a head office and distribution centre at Kings Park in Western Sydney. Noni B does not manufacture garments or accessories. Clothes are designed and made to Noni B specifications and local supply companies are then contracted to make the clothes and deliver them to Noni B's distribution centre in Sydney. All supply agreements are in Australian dollars with no exposure to currency movements. Once delivered to the distribution centre the items are quality checked and distributed to stores.

First half trade (July to December) normally generates the majority of earnings, given the spring / summer season launch and the Christmas trading periods. The second half (January to June) includes the after summer sale period, the Mother's day trading period and the start of the winter sale.

Revenue objectives in FY2013

Noni B focused on three main objectives during 2013 to increase its revenue:

1. Grow the customer base. With consumers spending less on discretionary apparel, it was imperative to win the loyalty of new customers. The company succeeded in adding more than 95,000 new customers to its loyalty club database, which now contains just over one million customers.
2. Secure existing customers' loyalty through rewarding them and providing superior products and service. When the company launched special offers during the year or had to discount prices, loyal customers were targeted first so they could benefit from them. The company also undertook trials of new product lines such as NONI+ (larger sizes) to meet specific customer requests.
3. Increase online sales. The company set a target of $1.0 million in sales from its webshop, and this was achieved during the year. The webshop is growing faster than any other Noni B store.

RESULTS FOR FY2013

Revenue

Discretionary retail sales, especially in the women's fashion segment, were weak during the year, reflecting low consumer confidence and uncertainty about the economy.

Noni B's revenue increased by 1.5% to $121.5 million in FY2013 (52 weeks) from $119.7 million in FY2012 (53 weeks). Comparative stores sale decreased by 0.7% however, when adjusted to compensate for the extra week in FY2012, they increased by 1.2%. Commission from selling jewellery on consignment from an accessory supplier increased by 0.7%.

Webshop sales grew to $1.0 million with moving annual total increasing every month. Average spend is higher than in stores and online customers purchase more of the Liz Jordan range.

Margins

The company's gross margin is the ratio of its cost of sales, including all costs incurred in the design, supply and distribution of garments, to total sales.

The gross margin for FY2013 was 59.4% of sales, compared with 59.6% in FY2012. Margins were affected by substantial discounting in the women's apparel sector and a write off of aged inventory of $404k. Buying, or first margin continued to grow.

Expenses

Total expenses, excluding cost of sales, were 3.8% higher than FY2012.

Sales expenses, including store wage costs and marketing costs, increased by $1.5 million (4.7%) to $33.9 million in FY2013 from $32.4 million in FY2012. This increase was due mainly to higher wage costs under the current enterprise agreement (expires October 2013), staff training – with all store managers and assistant store managers completing a management diploma course – and the introduction of Sunday trading in Western Australia in August 2012. Despite the challenging market conditions, staffing levels in stores were maintained in order to provide superior customer service.

Occupancy expenses, including rents and depreciation of store fit-outs, increased by $1.3 million (4.4%) to $30.7 million in FY2013 from $29.4 million in FY2012. This was due to an increase in store numbers from 215 on 1 July 2012 to 219 on 30 June 2013 (1.9%) and to contractual increases in store rents, partially offset by reductions negotiated on lease renewals.

Administration expenses decreased by $0.1 million (1.7%) to $8.3 million in FY2013 from $8.4 million in FY2012. Some costs are increasing especially in compliance and utilities areas.

Earnings

The company's earnings were affected by its lower margins and increased expenses.

Earnings before interest, tax, depreciation and amortisation were $5.0 million, compared with $6.9 million in FY2012. This was after a one-off write-off of $0.4 million in respect of aged inventory. This was the first such write-off for more than five years, and a provision will be created in future years to avoid further significant write-offs.

Underlying profit after tax (i.e. excluding the impairment of goodwill) was $1.5 million, compared with $2.7 million in FY2012. Following a review of intangible assets, the remaining goodwill that was created when the company was listed on the ASX in 2000 was written off, and this resulted in a non-cash impairment charge of $5.0 million and a statutory after-tax loss of $3.5 million.

As in past years, the majority of revenue was earned in the first half which included the spring / summer season and Christmas trading period, and the company broke even in the second half before the $0.4 million inventory write-off.

Dividends

Two fully franked dividends were paid to shareholders during FY2013: a final dividend for FY2012 of 3.5 cents per share, declared on 22 August and paid on 25 October 2012, and an interim dividend for FY2013 of 2.5 cents per share, declared on 13 February and paid on 27 March 2013. No final dividend was declared for FY2013.

Cash

Noni B considers that cash management is particularly important in the current market conditions. The company's cash balance increased by $0.6 million to $9.9 million on 30 June 2013 from $9.3 million on 1 July 2012. The company has no bank borrowings.

Cash flow from operating activities generated $6.1 million, compared with $7.0 million in FY2012, reflecting the reduction in earnings. Cash outflow from investing activities, primarily the cost of store fit-outs and refurbishments, increased to $3.5 million in FY2013 from $2.3 million in FY2012, the increase was mainly due to the relocation of five stores within the same shopping centres. Cash outflow from financing activities increased to $2.1 million in FY2013 from $0.9 million in FY2012, due to increased dividend payments following the improved profit in FY2012.

Inventory

The company's inventory on 30 June 2013 was $13.6 million, 11.4% lower than on 30 June 2012 ($15.3 million). This was due to a management decision towards the end of the year to reduce inventory levels in view of the current weak market conditions, as well as the write-off of aged inventory mentioned above. The company believes that the lower inventory level can be maintained during FY2014, reducing the need for price reductions at the end of seasons and leading to higher average margins.

Stores

There are Noni B stores in shopping centres and high streets in all Australian states and territories: 79 in New South Wales, 42 in Queensland, 39 in Victoria, 30 in Western Australia, 17 in South Australia, 6 in Tasmania, 5 in the ACT and 1 in the Northern Territory. .

The number of Noni B stores increased during the year from 215 to 219. Eight stores were opened, three each in New South Wales and Queensland and one each in Victoria and Western Australia. Leases for three of the new stores were signed on the basis of a 12 month trial. Four underperforming stores were closed, two in New South Wales and one each in Victoria and Western Australia.

Outlook

It is the intention of Noni B to focus on the following areas to improve performance in FY2014

- Increasing sales: New product ranges will be introduced; we aim to grow online sales especially internationally; and we have introduced recently a new customer relationship management system to enable us to target individual customers with offers that will appeal to them.
- Increasing margins: Lower inventory should enable us to reduce end-of-season price reductions; in-store promotional discounting is planned to reduce; and some supplier terms have been renegotiated.
- Reducing costs: All costs will remain under scrutiny; and we will increase our focus on securing favourable terms when renewing leases.

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

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity 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 30 June 2013 are included in the financial and operational highlights section of this report.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The operations of the consolidated entity are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a state or territory.

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 company and/or the Group during the financial year ended 30 June 2013.

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 (appointed chairman on 1 May 2013)
- Alan Kindl
- Leo Tutt (appointed on 27 May 2013)
- Lynn Wood (previously chairman, resigned 1 May 2013)

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 30 June 2013.

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.

Details of Remuneration

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	0.0%
Alan Kindl	43,250	–	–	–	25,000	–	–	–	68,250	0.0%
Leo Tutt[(b)]	7,108	–	–	–	–	–	–	–	7,108	0.0%
Lynn Wood[(c)]	104,355	–	–	–	9,392	–	–	–	113,747	0.0%
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										
Rhonda Kilpatrick	193,618	–	–	32,892	24,909	–	6,196	9,255	266,870	0.0%
Phillip Fikkers	189,421	–	–	8,022	17,346	–	4,666	9,255	228,710	0.0%
Ann Phillips	181,923	–	–	6,198	24,846	–	3,807	8,989	225,763	0.0%
Total	1,328,462	30,000	–	88,065	140,824	–	49,434	27,499	1,664,284	

(a) Chairman (appointed chairman 1 May 2013)
(b) Appointed 27 May 2013
(c) Previously Chairman (resigned 1 May 2013)
(d) In relation to cash bonuses LTI Executive Directors receive a cash bonus under the Notional Deferred Executive Incentive Plan (NDEIP). This bonus is 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

2012	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)]	61,602	–	–	–	11,648	–	–	–	73,250	0%
Alan Kindl	12,614	–	–	–	55,639	–	–	–	68,253	0%
Lynn Wood[(b)]	123,460	–	–	–	2,818	–	–	–	126,278	0%
Executive Directors										
David Kindl[(c)]	248,297	40,500	6,250	8,862	15,775	–	4,138	–	323,822	14.4%
James Kindl[(c)]	195,469	40,500	6,250	61,141	15,775	–	3,258	–	322,393	14.5%
Other key management personnel										
Rhonda Kilpatrick	157,609	40,500	–	34,325	33,275	–	2,918	32,067	300,694	13.5%
Phillip Fikkers	178,901	40,500	–	7,565	16,686	–	2,863	30,098	276,613	14.6%
Ann Phillips	170,797	40,500	–	5,150	24,775	–	2,996	22,389	266,607	15.2%
Total	1,148,749	202,500	12,500	117,043	176,391	–	16,173	84,554	1,757,910	

(a) Chairman (appointed chairman 1 May 2013)
(b) Chairman (resigned 1 May 2013)
(c) In relation to cash bonuses LTI Executive Directors receive a cash bonus under the Notional Deferred Executive Incentive Plan (NDEIP). This bonus is calculated as the equivalent to dividends earned on 250,000 shares, payable upon declaration of dividends.

REMUNERATION REPORT (CONTINUED)

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 30 June 2013, $266,505 of the fee pool (76.1%) 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, a reduction of $38,175 on the fee received by the previous incumbent, at the chairman's own request. During the financial year ended 30 June 2013 the company held a total of 18 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 2% of the short term incentive bonus scheme was paid, 98% was forfeited.

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.

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 various long term incentive schemes, including the Employee Option Plan (EOP), the

Employee Share Plan (ESP) and 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 30 June 2013 and 1 July 2012, no offers were made for additional participation in the DESP or NDEIP.

Details of NDEIP and DESP are set out below.

Notional Deferred Executive Incentive Plan (NDEIP)

Executive directors may be entitled to payments under a long term incentive scheme, the Notional Deferred Executive Incentive Plan.

The NDEIP provides 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 will be 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 will be 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 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 is below 5% per annum over the Measurement Period for each tranche, then none of the instalments for each tranche will vest.
- If EPS CAGR is 5% per annum over the Measurement Period for each tranche, then the value of the amount payable will be 20% of the total payable for each tranche.
- If EPS CAGR is 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 will be 20% plus an additional 5.33% for every complete percentage point above 5%.
- If EPS CAGR is greater than 20% per annum over the Measurement Period for each tranche, then the amount payable will be the total amount payable for each tranche.

Unpaid instalments from Tranche 1 or Tranche 2 will be added to the next instalment, where the payment will be subject to the performance hurdles for that tranche.

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

Executive directors also receive a cash bonus under NDEIP. This bonus is 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 Binominal 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.

No rights over ordinary shares in the company were provided as remuneration to any of the key management personnel of the company during the years ended 30 June 2013 or 1 July 2012.

There is one grant of rights over shares for key management personnel which remains operative at 30 June 2013, or which was operative during the year ended 30 June 2013 as follows:

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

Details of this offer are set out below.

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

Service and performance conditions apply to this offer as noted below.

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.

REMUNERATION REPORT (CONTINUED)

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%

Under the plan, participants are granted rights over shares which only 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 are as follows:

Service

Each tranche of shares will vest, 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 will vest, 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 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 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 is below 5% per annum over the Measurement Period for each tranche, then none of the shares for each tranche will vest.
- If EPS CAGR is 5% per annum over the Measurement Period for each tranche, then the number of shares vested for each tranche will be 20%.

- If EPS CAGR is 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 will be 20% plus an additional 5.33% for every complete percentage point above 5%.
- If EPS CAGR is greater than 20% per annum over the Measurement Period for each tranche, then all of the shares for each tranche will vest.

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

Any shares which are unvested as at the performance hurdle testing for Tranche 3 shall be subjected to immediate forfeiture.

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

Once the Service and Performance vesting conditions have been met, the members may elect to leave the shares in the plan, withdraw or sell any of them.

As at the date of this report, the Performance hurdles for the DESP and the NDEIP have not been met. Therefore the rights over the ordinary shares for the DESP under this offer will not vest.

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.

	2009	% Change	2010	% Change	2011	% Change	2012	% Change	**2013**	**% Change**
Company Performance										
Net Profit After Tax ($'000's)	2,296	(8.2)%	3,867	68.4%	231	(94.0)%	2,682	1061.0%	(3,500)	(230.5)%
EPS Undiluted (cents)	7.1	(8.0)%	12.1	68.6%	0.7	(94.0)%	8.4	1100.0%	(10.9)	(229.5)%
Total dividends (cents)	12	(40.0)%	6	(50.0)%	4	(33.3)%	2.5	(37.5)%	**6**	**140%**
Share Price at year end (cents)	95	(49.2)%	105	10.5%	65	(38.1)%	66.5	2.3%	**60**	**(9.8)%**
Director remuneration ($'000)										
Joycelyn Morton[(a)]	33		65	100.0%	73	12.7%	73	0.0%	**77**	**5.5%**
Alan Kindl	73	(90.0)%	86	18.9%	67	(22.4)%	68	1.5%	**68**	**0.0%**
Leo Tutt[(b)]	–	–	–	–	–	–	–	–	**7**	**–**
Lynn Wood[(c)]	108	66.7%	130	20.0%	148	13.7%	126	(14.9)%	**114**	**(9.5)%**
James Kindl[(d)]	281	13.3%	297	5.9%	288	(3.3)%	322	11.8%	**356**	**10.6%**
David Kindl[(d)]	304	23.8%	310	1.7%	275	(11.2)%	324	17.8%	**320**	**(1.2)%**
Executive remuneration										
Rhonda Kilpatrick	266	161.2%	270	1.5%	299	10.6%	301	0.7%	**267**	**(11.3)%**
Phillip Fikkers	248	275.8%	247	(0.3)%	244	(1.1)%	277	13.5%	**229**	**(17.3)%**
Ann Phillips	117		220	87.1%	236	7.7%	267	13.1%	**228**	**(15.4)%**

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

REMUNERATION REPORT (CONTINUED)

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

Options held by directors and key management personnel

There are no options outstanding at end of the financial year ended 30 June 2013 and no options were granted during the year or prior year.

Relevant interest in shares by directors

	Balance at 26 June 2012	Received as remuneration	Options Exercised	Net change other*	Balance at 30 June 2013
Directors					
Joycelyn Morton	15,797	–	–	–	**15,797**
Alan Kindl	13,015,565[1]	–	–	98,136	**13,113,701[1]**
Leo Tutt (appointed May 2013)	–	–	–	139,957	**139,957**
David Kindl	13,169,565[2]	–	–	98,136	**13,267,701[2]**
James Kindl	13,015,565[3]	–	–	98,136	**13,113,701[3]**
Lynn Wood (resigned May 2013)	48,500	–	–	(48,500)	–

"Net change-other" refers to shares purchased or sold during the financial year ended 30 June 2013 or changes related to directors joining or leaving the group during the year ended 30 June 2013.

1. Alan Kindl has a relevant interest in 13,113,701 shares in the company, comprising:
   (a) a direct interest in 3,712,286 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 13,267,701 shares in the company, comprising:
   (a) a direct interest in 3,500,000 shares in the company;
   (b) a relevant interest in 9,325,903 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 13,113,701 shares in the company, comprising:
   (a) a direct interest in 3,500,000 shares in the company;
   (b) a relevant interest in 9,325,903 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.

Directors' Meetings

The number of meetings of directors and of each board committee held during the financial year ended 30 June 2013 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	11	11	4	4	2	2
Alan Kindl	11	9	4	3	2	2
Leo Tutt	3	3	1	1	–	–
Lynn Wood	7	6	2	2	1	1
David Kindl	11	11	–	–	–	–
James Kindl	11	11	–	–	–	–

A = Number of meetings eligible to attend
B = Number of meetings attended

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 30 June 2013, 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 $6,820 in the financial year ended 30 June 2013.

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 30 June 2013.

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 21 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
Joint Managing Director

David Kindl
Joint Managing Director

Sydney 27 August 2013

— AUDITOR'S INDEPENDENCE DECLARATION —

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

As lead auditor of Noni B Limited for the year ended 30 June 2013, 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, 27 August 2013

— CORPORATE GOVERNANCE STATEMENT —

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 June 2013. 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 fulfil 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 pages 8 to 9 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 comprise the representation of each gender on the Board at a minimum of 40% and
2. Senior Management – to endeavour to comprise 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)	1	1
Joycelyn Morton	4	4
Alan Kindl	4	3
Lynn Wood*	2	2

* Lynn Wood resigned May 2013

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)	–	–
Joycelyn Morton	2	2
Alan Kindl	2	2
Lynn Wood*	1	1

*Lynn Wood resigned May 2013

Details about the Company's remuneration policy are discussed in the Remuneration Report set out on pages 12 to 19 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 30 JUNE 2013

	Note	Consolidated 2013 $'000	2012 $'000
Continuing Operations			
Sales	3	121,511	119,705
Other revenues	3	3,177	3,034
Cost of goods sold		(49,309)	(48,372)
Expenses, excluding finance costs	4	(73,130)	(70,460)
Finance costs	5	(20)	(24)
Profit (Loss) before income tax expense and impairment		2,229	3,883
Income tax expense	6	(702)	(1,201)
Profit (Loss) after income tax expense and before impairment		1,527	2,682
Impairment of goodwill	11	(5,027)	–
Profit (Loss) for the year		(3,500)	2,682
Profit (Loss) attributed to members of the parent entity		(3,500)	2,682
Other comprehensive income		–	–
Total comprehensive income (loss) attributable to members of the parent entity		(3,500)	2,682
Earnings per share			
Basic earnings per share (cents per share)	23	(10.9)	8.4
Diluted earnings per share (cents per share)	23	(10.9)	8.4

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

— STATEMENT OF FINANCIAL POSITION —

AS AT 30 JUNE 2013

	Note	Consolidated 2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents	18	9,901	9,328
Trade and other receivables	7	1,385	1,550
Inventories	9	13,583	15,337
Total Current Assets		24,869	26,215
Non-Current Assets			
Trade and other receivables	7	5	20
Property, plant and equipment	10	8,430	7,871
Intangible assets	11	5,583	10,610
Deferred tax assets	6	2,743	2,445
Total Non-Current Assets		16,761	20,946
Total Assets		41,630	47,161
Current Liabilities			
Trade and other payables	12	13,924	14,382
Liabilities for current tax	6	420	389
Borrowings	13	117	159
Provisions	14	4,106	3,737
Total Current Liabilities		18,567	18,667
Non-Current Liabilities			
Trade and other payables	12	901	997
Borrowings	13	105	81
Provisions	14	617	569
Deferred tax liabilities	6	107	117
Total Non-Current Liabilities		1,730	1,764
Total Liabilities		20,297	20,431
Net Assets		21,333	26,730
Equity			
Issued capital	15	22,105	22,105
Reserves		579	551
Retained earnings/(Accumulated Losses)		(1,351)	4,074
Total Equity		21,333	26,730

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

— STATEMENT OF CHANGES IN EQUITY —

FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Note	Issued capital $'000	Retained earnings/ (Accumulated Losses) $'000	Equity Reserve $'000	Total $'000
Balance at 26 June 2011	15	22,105	2,194	440	24,739
Profit after income tax expense for the year		–	2,682	–	2,682
Other comprehensive income for the year net of tax		–	–	–	–
Total comprehensive income for the year		–	2,682	–	2,682
Transactions with owners in their capacity as owners:					
Share based payments	29	–	–	111	111
Dividends paid or provided for	19	–	(802)	–	(802)
Balance at 1 July 2012	15	22,105	4,074	551	26,730
Profit/(Loss) 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**

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

— CASH FLOW STATEMENT —

FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated	
	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		140,044	137,864
Payments to suppliers and employees		(133,094)	(130,026)
Interest received		195	259
Finance costs		(20)	(24)
Income taxes paid		(979)	(1,044)
Net cash provided by operating activities	18(b)	6,146	7,029
Cash flows from investing activities			
Payments for property, plant and equipment		(3,526)	(2,310)
Proceeds from sale of property, plant and equipment		56	41
Net cash used in investing activities		(3,470)	(2,269)
Cash flows from financing activities			
Repayment of borrowings		(178)	(114)
Dividends paid		(1,925)	(802)
Net cash used in financing activities		(2,103)	(916)
Net increase in cash and cash equivalents		573	3,844
Cash and cash equivalents at the beginning of the financial year		9,328	5,484
Cash and cash equivalents at the end of the financial year	18(a)	9,901	9,328

The above 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.

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 30 June 2013. The comparative reporting period ended at 1 July 2012.

(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 27 August 2013.

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) 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.

Key Estimates

Impairment

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 goodwill has been recognised for the year ended 30 June 2013. For further details, refer to note 11. No impairment of goodwill was recognised for the year ended 1 July 2012.

No impairment has been recognised in respect of brand names for the years ended 30 June 2013 or 1 July 2012.

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% (2012: 25%).

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.

(c) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are initially recognised at cost on the statement of financial position when the company 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(d) 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.

(e) 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.

(f) Recognition Revenue

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.

(g) 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.

(h) 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and related franking credits of the tax consolidated group whilst deferred tax assets and liabilities are recognised by each company member.

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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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

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.

In assessing the useful life of Noni B brand names, due consideration is given to the existing longevity of Noni B brands, the indefinite life cycle of the industry in which Noni B operates and the expected usage of the brand names in the future. In light of these considerations no factor could be identified that would result in the brand names having a finite life and therefore Noni B brand names have been assessed as having an indefinite useful life.

(n) 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.

(o) 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.

(p) 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) Issued capital

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

(w) Dividends

Dividends are recognised when declared during the financial year.

(x) 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.

(y) 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.

(z) Adoption of new and revised accounting standards

i. New accounting standards applicable in the current period;

The company 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.

ii. New accounting standards for application in future periods;

The AASB has issued new and amended accounting standards and interpretations that have mandatory

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

application dates for future reporting periods. We have reviewed all of new accounting standards and the following are those that are expected to affect the company;

AASB 9 Financial Instruments

The revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments.

The Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. AASB 9 (issued in 2009) only included requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 (AASB 139).

AASB 10 Consolidation

AASB 10 replaces AASB 127 and 3 key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following:

a. Power over the investee;

b. Exposure, or rights, to variable returns from its involvement with the investee; and

c. The ability to use its power over the investee to affect the amount of the investor's returns.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.

These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they:

- are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation;
- are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements;
- are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001;
- were originally included in AASB 124 when fewer similar disclosure requirements were included in the Corporations Act and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and
- could be considered (during the transition period for this Amending Standard) for inclusion in the Corporations Act or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy.

AASB 2011-7 Amendments to Australian Accounting Standard arising from the Consolidation and Joint Arrangements Standards

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-5 Amendments to Australian Accounting Standards Arising from Annual Improvements 2009-2011

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows; Confirmation that repeat application of AASB 1 (IFRS) 'First-time Adoption of Australian Accounting Standards' is permitted; clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of the financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes' and clarification of the financial reporting requirements in AASB 134 'Interim Financial reporting" and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

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

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments eliminate 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 amendments also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. This will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability and increase disclosures of the consolidated entity.

(aa) 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.

(ab) 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	
	2013 $'000	2012 $'000
Sales of goods	121,511	119,705
Other revenue		
Jewellery commission	2,509	2,492
Other Income	417	242
Profit on sale of non-current assets	56	41
Interest	195	259
Total other revenue	3,177	3,034

NOTE 4. EXPENSES

Marketing and selling expenses	33,922	32,416
Occupancy expenses	30,687	29,389
Administrative expenses	8,293	8,440
Other expenses	228	215
Total expenses excluding finance costs	73,130	70,460

NOTE 5. PROFIT FOR THE YEAR

Profit before income tax includes:		
Finance costs comprising interest attributed to:		
– commercial hire purchase and lease charges	20	24
Total finance costs	20	24
Amortisation of non-current assets:		
– commercial hire purchase and capitalised leased assets	111	132
Total amortisation	111	132
Depreciation of non-current assets	2,883	3,146
Inventory losses	681	789
Provision for inventory writedowns	404	–
Impairment of goodwill	5,027	–
Impairment/write-down of non-current assets to recoverable amount	133	355
Net expenses resulting in deductions from the carrying amounts of assets	9,128	4,290
Operating lease rental expenses	25,629	24,316
Employee benefits expense	35,030	33,895

NOTE 6. INCOME TAX

	Consolidated 2013 $'000	Consolidated 2012 $'000
Major components of income tax expense		
Current income tax expense	987	1,265
Adjustment of prior year tax expense	23	–
Deferred tax	(308)	(64)
Income tax expense	702	1,201
Reconciliation between income tax expense and prima facie tax on accounting profit		
Accounting profit (loss)	(2,798)	3,883
Tax at 30% (2012-30%)	(839)	1,165
Tax effect on non deductible expenses		
Impairment of goodwill	1,508	–
Non deductible entertainment costs	2	2
Other non deductible items	8	34
(Over) under provision from prior year	23	–
Income tax expense	702	1,201
Tax Liabilities		
Current tax liabilities/(assets)	420	389
Applicable tax rate		
The applicable tax rate is the national tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	1,417	1,292
Lessors fit out contribution	394	426
Accruals	150	122
Provision for shrinkage/obsolescence/absorption costs	449	320
Depreciation timing differences	187	98
Provision for customer loyalty	140	167
Other	6	20
Total deferred tax assets	2,743	2,445
Analysis of deferred tax liabilities:		
Income receivable from lay-by sales	79	87
Other	28	30
Total deferred tax liabilities	107	117

The movement in the above analysis in deferred tax assets of $298k and deferred tax liabilities of $10k 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

	Consolidated 2013 $'000	2012 $'000
Current		
Trade accounts receivable	427	471
Allowance for impairment loss	–	–
Total trade receivables	427	471
Other receivables and prepayments	958	1,079
Total current receivables	1,385	1,550
Non-current		
Loans to employees	–	–
Other receivables and prepayments	5	20
Total non-current receivables	5	20

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 company 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 2013	2012
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 2013 $'000	2012 $'000
Current		
Finished goods at cost	14,011	15,410
Provision for obsolescence	(404)	–
Provision for shrinkage	(24)	(73)
Total inventories	13,583	15,337

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2013 $'000	2012 $'000
Property, Plant and Equipment		
(a) Plant and equipment – at cost	29,139	32,849
Less accumulated depreciation	(20,845)	(25,065)
	8,294	7,784
(b) Leased plant and equipment		
Capitalised lease assets – at cost	–	–
Less accumulated amortisation	–	–
	–	–
(c) Commercial hire purchase – plant and equipment		
Plant and equipment under commercial hire purchase	321	396
Less accumulated amortisation	(185)	(309)
	136	87
Total property, plant and equipment	8,430	7,871
(d) Movements in Carrying Amounts		
(i) Plant and Equipment		
Movements during the year:		
Opening net book value	7,784	8,969
Additions	3,526	2,316
Recoverable amount write-downs	(133)	(355)
Depreciation expense	(2,883)	(3,146)
Closing net book value	8,294	7,784
(ii) Leased Assets		
Movements during the year:		
Opening net book value	–	10
Additions	–	–
Disposals	–	–
Amortisation expense	–	(10)
Closing net book value	–	–
(iii) Plant and equipment under commercial hire purchase		
Movements during the year:		
Opening net book value	87	209
Additions	160	–
Amortisation expense	(111)	(122)
Closing net book value	136	87

NOTE 11. INTANGIBLE ASSETS

	Consolidated	
	2013 $'000	2012 $'000
Brand Names – at cost	5,583	5,583
Less: accumulated amortisation and impairment losses	–	–
Net carrying value	5,583	5,583
Goodwill	5,465	5,465
Less: accumulated impairment losses	(5,465)	(438)
Net carrying value	–	5,027
Total intangibles	5,583	10,610

(a) Impairment Disclosures

The recoverable amount of the cash-generating unit's goodwill 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 company;

a. 18.77% (2012:18.19%) pre-tax discount rate

b. 1-3% (2012: 1-3%) per annum projected short term growth rate

The discount rate of 18.77% 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 $5,027,000 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. No impairment loss was recognised in the year ended 1 July 2012.

Brand names have indefinite useful lives. Directors believe that the life of the assets is of such duration and the residual value of the assets to the group would be such that the amortisation charges, if any, would not be material.

Sensitivity

As discussed above, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur brand names may vary in the carrying amount. The sensitivities are as follows:

i. If the short term growth rate were to decrease by more than 1% the brand names will would need to be impaired by $554,022, with all other assumptions remaining constant.

ii. If the discount rate were to increase by more than 1% the brand names would need to be impaired by $1,677,947, with all other assumptions remaining constant.

iii. If the long term growth rate were to decrease by more than 1% the brand names would need to be impaired by $1,304,180, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the entity's brand names is based would not cause the entity's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of brand names is based, this would result in an impairment of brand names.

NOTE 12. TRADE AND OTHER PAYABLES

	Consolidated	
	2013 $'000	2012 $'000
Current		
Trade accounts payable	10,308	10,879
Other payables	3,142	3,000
Lease incentives and fit-out contributions	474	503
Total current	13,924	14,382
Non-Current		
Lease incentives and fit-out contributions	901	997
Total non-current	901	997

NOTE 13. BORROWINGS

	$'000	$'000
Current		
Secured borrowings:		
Commercial hire purchase liabilities	117	159
Total current secured borrowings	117	159
Non-current		
Commercial hire purchase liabilities	105	81
Total non-current secured borrowings	105	81

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

NOTE 14. PROVISIONS

Current		
Employee benefits	4,106	3,737
Total current provisions	4,106	3,737
Non-current		
Employee benefits	617	569
Total non-current provisions	617	569
Aggregate employee entitlements	4,723	4,306

	Number	Number
Number of employees	1,077	1,077

Amounts not expected to be settled in the next 12 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 within the next 12 months. The amount that is not expected to be taken within the next 12 months including on-costs is $1,412k.

NOTE 15. ISSUED CAPITAL

	Consolidated 2013 $'000	2012 $'000
32,090,136 authorised ordinary shares fully paid of no par value (2012: 32,090,136 shares of no par value)	22,105	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.

There were no movements in issued capital during the year

	$'000	$'000
Balance at beginning and end of financial year	22,105	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 company'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 events of default on the covenants during this financial year.

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 30 June 2013 and 1 July 2012 for the consolidated group and company are as follows

	Note	30 June 2013 $'000	1 July 2012 $'000
Total debt	13	222	240
Total equity		21,333	26,730
Total capital		21,555	26,970
Gearing ratio		1.0%	0.9%

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.

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.

NOTE 16. FINANCIAL INSTRUMENTS (CONTINUED)

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 finance leases and 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 (2012: 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 company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

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.

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
2013						
Financial liabilities:						
Trade and other payables	–	8,643	4,807	–	–	13,450
Bank borrowings	–	–	–	–	–	–
Commercial hire purchase	6.56%	8	22	87	105	222
		8,651	4,829	87	105	13,672
2012						
Financial liabilities:						
Trade and other payables	–	6,004	7,875	–	–	13,879
Bank borrowings	–	–	–	–	–	–
Commercial hire purchase	8.38%	13	16	96	85	210
		6,017	7,891	96	85	14,089

(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 2013 $'000	2012 $'000
(a) Commercial hire purchase		
Present value of minimum commitments under hire purchase arrangements:		
Payable within 1 year	127	171
Payable within 1-5 years	110	84
Total minimum payments under hire purchase liability	237	255
Less: future finance charges	(15)	(15)
Total hire purchase liability	222	240

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

	2013 $'000	2012 $'000
Reflected in financial statements		
Current liability (Note 13)	117	159
Non-current liability (Note 13)	105	81
	222	240

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

	2013 $'000	2012 $'000
Total future minimum lease payments under non-cancellable operating leases :		
Payable within 1 year	18,450	21,186
Payable within 1-5 years	28,537	40,714
Payable in more than 5 years	357	810
	47,344	62,710

Property leases on retail stores are mostly non-cancellable with rent payable monthly in advance, with lease terms ranging from 1 to 6 years. 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.

	2013 $'000	2012 $'000
(c) Capital expenditure contracted for but not provided for in the financial statements		
Plant and equipment expenditure payable within 1 year	586	263
Total capital expenditure commitments	586	263

NOTE 18. CASH FLOW INFORMATION

(a) Cash and cash equivalents

	Consolidated 2013 $'000	2012 $'000
Cash and cash equivalents include the following:		
Cash at bank	574	629
Cash on hand	49	48
Cash in transit	990	1,189
Short term deposits	8,288	7,462
Total cash and cash equivalents at end of period	9,901	9,328

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

	2013 $'000	2012 $'000
Profit (loss) after income tax	(3,500)	2,682
Aggregate inventory write downs and other losses	1,085	789
Depreciation	2,883	3,146
Amortisation	111	132
Write-down of assets to recoverable amount	133	355
Impairment of goodwill	5,027	–
Gain on disposal of property, plant and equipment	(56)	(41)
Share based payments	28	112
Change in assets and liabilities:		
Decrease/(Increase) in trade and other receivables	103	(110)
Decrease/(increase) in inventories	670	(1,845)
Increase in deferred tax assets	(298)	(61)
Decrease in deferred tax liabilities	(10)	(14)
(Decrease)/increase in trade and other payables	(478)	1,226
Increase in income tax liability	31	232
Increase in provisions	417	426
Net cash flow from operating activities	6,146	7,029

(c) Non cash financing and investing activities

During the year the company acquired $160,000 motor vehicles (2012: nil) 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

	Consolidated 2013 $'000	2012 $'000
Fully franked final ordinary dividend of 3.5 cents per share (2012: nil cents per share)	1,123	–
Fully franked interim ordinary dividend of 2.5 cents per share (2012: 1 cent per share)	802	802
Total dividends paid	1,925	802

(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-end. For the year ended 1 July 2012, in addition to the above dividends, the directors recommended the payment of a final dividend of 3.5 cents per ordinary share (fully franked at the tax rate of 30%), which was paid on 25 October 2012 out of retained earnings at 1 July 2012, but not recognised as a liability at the year end.

NOTE 20. DIVIDEND FRANKING CREDITS

Amount of franking credits adjusted for franking credits that will arise from the payment of the amount of the provision for income tax

	Consolidated 2013 $'000	2012 $'000
Balance at end of the year	6,192	6,006

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

The following were key management personnel 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 Chairman (appointed chairman 1 May 2013)
- Alan Kindl Non-executive director
- Leo Tutt Non-executive director (appointed 27 May 2013)
- Lynn Wood Previously Chairman (resigned 1 May 2013)

Executive directors

- David Kindl Joint Managing Director
- James Kindl 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

Apart from Leo Tutt, all of the above were also key management personnel during the year ended 1 July 2012.

NOTE 22. RELATED PARTY DISCLOSURES (CONTINUED)

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

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	**1,446,527**	1,468,292
Post Employment benefits	**140,824**	176,391
Other long term benefits	**49,434**	28,673
Share based payments	**27,499**	84,554
	1,664,284	1,757,910

Directors and Key Management Personnel	Balance at 1 July 2012	Shares vested but not exercised	Options exercised	Net change other*	Balance at 30 June 2013
Joycelyn Morton	15,797	–	–	–	**15,797**
Alan Kindl	13,015,565[1]	–	–	98,136	**13,113,701[1]**
Leo Tutt (appointed 27 May 2013)	–	–	–	139,957	**139,957**
Lynn Wood (resigned 1 May 2013)	48,500	–	–	(48,500)	–
David Kindl	13,169,565[2]	–	–	98,136	**13,267,701[2]**
James Kindl	13,015,565[3]	–	–	98,136	**13,113,701[3]**
Ann Phillips	10,000	–	–	–	**10,000**
Rhonda Kilpatrick	97,048	–	–	(10,000)	**87,048**
Phillip Fikkers	48,867	–	–	–	**48,867**

* "Net change-other" refers to shares purchased or sold during the financial year ended 30 June 2013, or changes related to directors or key management personnel joining or leaving the Group.

1 Alan Kindl has a relevant interest in 13,113,701 shares in the company, comprising:
(a) a direct interest in 3,712,286 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 13,267,701 shares in the company, comprising:
(a) a direct interest in 3,500,000 shares in the company;
(b) a relevant interest in 9,325,903 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 13,113,701 shares in the company, comprising:
(a) a direct interest in 3,500,000 shares in the company;
(b) a relevant interest in 9,325,903 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.

NOTE 22. RELATED PARTY DISCLOSURES (CONTINUED)

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' report on pages 12 to 19.

	2013 $	2012 $
Directors		
a. Rent paid on head office premises to The ABJD Trust (a related party to Alan Kindl, David Kindl and James Kindl as directors).	383,512	375,327
b. Directors fees for Alan Kindl were paid to ASKF Kindl Holdings Employees (a related party to Alan Kindl, David Kindl and James Kindl as directors).	22,186	50,000

Apart from the details disclosed in this note, no director has entered into a material contract with the company or 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

	2013 $'000	2012 $'000
Continuing operations		
Profit (loss) used in calculating basic and diluted earnings per share ordinary share	(3,500)	2,682

(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
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)	(10.9)	8.4
Diluted earnings per share (cents per share)	(10.9)	8.4

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

	Consolidated	
	2013 $	2012 $
Remuneration of the auditor of the parent entity for:		
– Audit and review of the financial reports	131,000	131,733
– Tax compliance services	70,200	30,392
Total auditor remuneration	201,200	162,125

NOTE 26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The company and the group are not aware of any contingent assets and liabilities at reporting date.

The company and the group currently have the following bank guarantees and facilities in place. The guarantees are held by lessors as security against non performance in relation to store leases.

	2013 $'000	2012 $'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	395	400
Market Rate Facility	3,000	5,000
Bank Guarantees	230	230
Bank overdraft	–	2,000
Total	3,625	7,630
Amount of credit facilities unused		
Business Card	377	386
Market Rate Facility	3,000	5,000
Bank Guarantees	5	5
Bank overdraft	–	2,000
Total	3,382	7,391

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

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

Employee Option Plan ("EOP")

No share options were granted to senior management during the years ended 30 June 2013 or 1 July 2012.

Employee Share Plan ("ESP")

The company has an Employee Share Plan and the following is a summary of its principal terms:

- Any employee of the company with at least twelve months service (or a lesser period) at the Board's discretion, is eligible to participate in the Employee Share Plan and may do so at the invitation of the Board.
- Shares may not be issued under the Employee Share Plan if the sum of planned shares to be issued added to the total of issued shares on hand in the previous year, including options issued under an employee option plan exceeds 5% of the total number of ordinary shares issued by the company at that time.
- The issue price for Plan Shares is determined by the board but will be set at least as high as the market value of the Shares in the company at the date of offer.
- The company may offer to provide loans (or such other financial assistance as the Board may from time to time determine) to Eligible Share Plan Employees to enable them to acquire Plan Shares.
- All Plan Shares will rank equally with all other Shares for the time being on issue.
- The repayment date for the loans is ten years from the date of the loan being made subject to continued employment with the company.

At 30 June 2013, 30,000 ordinary shares were held under the scheme (2012: 30,000)

NOTE 29. EMPLOYEE EQUITY-BASED BENEFIT ARRANGEMENTS (CONTINUED)

	Year Ended 2013				Year Ended 2012			
Date shares granted	Number of shares granted	Fair value at issue date: per share $	Aggregate proceeds received $	Fair value at issue date: aggregate $	Number of shares granted	Fair value at issue date: per share $	Aggregate proceeds received $	Fair value at issue date: aggregate $
3 May 2000	30,000	1.00	30,000	30,000	30,000	1.00	30,000	30,000

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 company's long term objectives.

Accordingly the company 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 Company 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 Company.
- 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 Binominal 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 30 June 2013 or which were in force during the year ended 30 June 2013 were as follows:

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%

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense was $28,000 (2012: $111,000)

NOTE 30. PARENT ENTITY INFORMATION

	Parent	
	2013 $'000	2012 $'000
Information relating to Noni B Limited:		
Current Assets	24,869	26,215
Total Assets	41,630	47,161
Current Liabilities	18,567	18,667
Total Liabilities	20,297	20,431
Issued Capital	22,105	22,105
Retained Earnings	(1,351)	4,074
Equity Reserve	579	551
Total Shareholders' Equity	21,333	26,730
Profit (loss) after tax	(3,500)	2,682
Total Comprehensive Income	(3,500)	2,682

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 —

Noni B Limited and its Controlled Entities
Australian Business Number (96 003 321 579)

30 June 2013

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors 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 27 August 2013

— INDEPENDENT AUDITOR'S REPORT —

TO THE MEMBERS OF NONI B LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Noni B Limited

Report on the Financial Report

We have audited the accompanying financial report of Noni B Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 30 June 2013 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.

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 30 June 2013. 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 30 June 2013 complies with section 300A of the Corporations Act 2001.

BDO East Coast Partnership

John Bresolin
Partner

Sydney, 27 August 2013

— ADDITIONAL INFORMATION —

SHAREHOLDING

The shareholder information set out in the tables below was applicable as at 23 August 2013. 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

	Ordinary Shares '000
Size of Holding	
1 – 1,000	147
1,001 – 5,000	1,588
5,000 – 10,000	1,566
10,000 – 100,000	5,637
100,001 and over	23,152
Total Number of Shares	32,090

There were 150 holders of less than a marketable parcel of ordinary shares.

b) Twenty Largest Shareholders

	Ordinary Shares Held	% of Issued Shares
Name of the 20 Largest Shareholders		
Alan Kindl	3,712,286	11.57
David A. Kindl	3,500,000	10.91
James A. Kindl	3,500,000	10.91
Betty Kindl	2,113,617	6.59
Citicorp Nominees Pty Limited	1,505,565	4.69
Australian Executor Trustees NSW	1,433,175	4.47
RBC Investor Services Australia Nominees Pty Limited	1,030,259	3.21
Milton Corporation Limited	867,396	2.70
JP Morgan Nominees Australia	673,864	2.10
HSBC Custody Nominees (Australia) Limited	559,533	1.74
NBL ESP Managers	537,251	1.67
Divopu Pty Limited	374,804	1.17
Kindl Holdings Pty Limited	287,798	0.90
Locope Pty Limited	215,000	0.67
Murray Fuel Services Pty Limited	205,000	0.64
Chiatta Pty Limited	200,000	0.62
Mrs Marina Snyman	187,535	0.58
Flst Pty Limited	186,994	0.58
Cameron Williams Pty Limited	185,000	0.58
Zetingo & Associates Pty Limited	180,596	0.56
Total Twenty Largest Shareholders	21,455,673	66.86

Alan, Betty, James and David Kindl entered into an agreement prior to listing of the Company's shares on the ASX, which regulates the sale of shares in the company by them. 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.

c) Substantial Shareholders

	Number of Shares Held
Alan Kindl	3,712,286
David A. Kindl	3,500,000
James A. Kindl	3,500,000
Betty Kindl	2,113,617

— CORPORATE DIRECTORY —

DIRECTORS

Joycelyn Morton	Non-Executive Chairman
Alan Kindl	Non-Executive Director
Leo Tutt	Non-Executive Director
David Kindl	Joint Managing Director
James Kindl	Joint Managing Director

COMPANY SECRETARY
Ann Phillips

REGISTERED OFFICE
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 10
1 Margaret Street
Sydney NSW 2000
on Friday 1st November 2013 at 10am.

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

Designed and produced by FCR
www.fcr.com.au