NONI B

2015

ANNUAL REPORT

CORPORATE DIRECTORY

DIRECTORS

Richard Facioni	Non-Executive Director (Appointed 4 November 2014)
Scott Evans	Chief Executive Officer and Managing Director (Appointed 4 November 2014)
David Wilshire	Non-Executive Director (Appointed 4 November 2014)
Sue Morphet	Non-Executive Director (Appointed 23 February 2015)

COMPANY SECRETARY

Luke Softa	Chief Financial Officer and Company Secretary (Appointed 31 March 2015)

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting will be held at:
10 Garling Road
Kings Park NSW 2148
on Tuesday 27th October 2015 at 11:00am

REGISTERED OFFICE

Noni B Limited
10 Garling Road
Kings Park NSW 2148

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

ABN: 96 003 321 579

SHARE REGISTRY

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

AUDITOR

BDO East Coast Partnership ("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

WEBSITE

www.nonib.com.au

CORPORATE GOVERNANCE STATEMENT

http://www.nonib.com.au/secure/downloadfile.asp?fileid=1337100

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CHAIRMAN'S REPORT

I am pleased to present my first report as Chairman of Noni B Limited.

In late October 2014, NB Bidco Pty Ltd, an associate of Alceon Group Pty Ltd, acquired control of Noni B, following an offer for Noni B's shares announced in September. The offer followed the decision by Noni B's board to consider strategic alternatives for the company's capital structure, after disappointing trading results which led to an after-tax loss of $7.8 million for the year to 29 June 2014.

A significant amount of necessary change has happened at Noni B since then. Most significantly, Scott Evans, who has over 20 years' experience in womenswear and menswear retailing in both Australia and internationally, was appointed Chief Executive Officer and Managing Director on 4 November. To date, Scott has done an excellent job implementing the operational improvement strategies we identified prior to Alceon announcing its offer, including improving Noni B's supply chain and cost of goods, exiting unprofitable stores, improving the logistics function and improving the quantity, quality and mix of inventory. Scott has been assisted by a highly experienced team, including our new Chief Financial Officer, Luke Softa.

The process of sustainably restoring Noni B to acceptable levels of profitability will take time, however we are encouraged by the early signs of financial improvement we are beginning to see. Whilst Noni B Group sales for the year to 28 June 2015, at $107.9 million, were 3.8% below the previous year, this was due to the company operating fewer stores and taking a more disciplined approach to promotions and discounting. The Group reported an after-tax loss of $4.8 million for the financial year which included transaction costs of $1.4 million, an impairment charge of $0.4 million relating to the Queenspark and Events brands, other non-recurring items of $0.4 million and non-cash LTI expenses.

In the second half, we started to see the benefits of the operational improvements. Group sales in the second half were 1.5% higher than the same period last year. Gross margins increased significantly in the second half over the prior corresponding period by 17.1% ($5.1m) which translated to a substantially lower second half underlying loss (before interest, tax, depreciation and amortisation) compared to the same period last year. Cash flow was

stronger and we have begun the 2016 financial year with a healthier balance sheet than we had a year ago.

The Board and I are confident of Noni B's future. We have an extremely loyal customer base and, as long as we keep the customer at the centre of our focus, Noni B and its shareholders will benefit. Looking ahead, the company's performance in the 2016 financial year will depend on increasing sales, both like-for-like and through new store rollouts, and maintaining higher margins, particularly during the key Christmas period. The changes that have been made are beginning to have a positive effect on earnings and we look forward to reporting on progress at the annual general meeting in October.

I would like to take this opportunity to thank my fellow Non-Executive Directors, Sue Morphet and David Wilshire, for their invaluable contribution.

Richard Facioni
Chairman

28 August 2015

MANAGING DIRECTORS' REVIEW

The Noni B brand is widely recognised and we have a team that is passionate about continuously improving the collections and service offerings for our customers. These are great strengths in a retail business, and they are building blocks underpinning our strategy in returning the company to sustainable profitability.

As Noni B's Chairman, Richard Facioni, has reported, we have reviewed all aspects of the company's operations in detail and identified areas where change would lead to improved performance. These have included how we select and source our ranges, visual merchandising and the in-store experience we offer customers and productivity improvements and cost control. Throughout, we are focused on keeping the customer at the heart of everything we do.

Our collections are core to our future success. Fact-based analysis of what our customers want and listening to their feedback, along with that of our highly experienced retail team, is enabling us to improve our product offering and lift our ranges to satisfy her needs in terms of style, quality and value. The initial response to this has been positive.

We have worked with our suppliers, supporting them to re-engineer their supply chains to be more efficient, and we have also started to introduce a vertical source model.

We are challenging ourselves to review all costs and establish more efficient ways to service our stores and, ultimately, our customers and we are seeing some strong gains through this initiative. However we are also investing in areas that not only allow our ranges to be presented to the standard our customer expects, but also, through technology, ensuring we have our customers size and style in stock when she wants it.

We are devoting considerable attention to understanding our customers, improving the in-store experience and visual appeal. We are also supporting our team, ensuring our

rostering is focused to match peak trading times which will allow our service focus to be fully maximised.

While it will take time for all the improvements and efficiency gains we are making to be reflected in Noni B's financial results, I am encouraged by our customers' response so far and by the positive way in which our in-store and support teams are embracing change. I would like to thank all our team for their support and commitment as we continue the journey of taking Noni B back to sustainable profitability.

Scott Evans
Managing Director

28 August 2015

DIRECTORS' REPORT

Back row from left: Luke Softa and David Wilshire. Front row from left: Sue Morphet, Scott Evans and Richard Facioni.

Your directors present their report, together with the financial statements, on Noni B Limited (referred to hereafter as the 'Consolidated Entity' or the 'Company') and the entities it controlled at the end of, or during, the year ended 28 June 2015.

DIRECTORS

The following persons were directors of Noni B Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Executive Directors

Scott Evans	Chief Executive Officer and Managing Director (appointed 4 November 2014)
James Kindl	(resigned on 4 November 2014)
David Kindl	(resigned on 4 November 2014)

Non-Executive Directors

Richard Facioni	Non-Executive Director (appointed 4 November 2014)
David Wilshire	Non-Executive Director (appointed 4 November 2014)
Sue Morphet	Non-Executive Director (appointed 23 February 2015)
Joycelyn Morton	(resigned on 27 February 2015)
Alan Kindl	(resigned on 12 December 2014)
Leo Tutt	(resigned on 27 February 2015)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity 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.

DIVIDENDS PAID, DECLARED OR RECOMMENDED

No dividends were declared or paid during the current financial year.

REVIEW OF OPERATIONS

The loss for the Consolidated Entity after providing for income tax amounted to $4,790,000 (2014 Loss: $7,843,000).

Refer to the 'Operating and Financial Review' for further information

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 apart from the change in ownership of the Consolidated Entity.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no matters or circumstances specific to Noni B Limited that have arisen since 28 June 2015 that have significantly affected, or may significantly affect:

- the Consolidated Entity's operations in future financial years;
- results of those operations in future financial years;
- the Consolidated Entity's state of affairs in future years; or
- the Consolidated Entity's report at 28 June 2015.

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 28 June 2015 are included in the operational and financial highlights section of this report.

ENVIRONMENTAL REGULATION

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

OPERATING AND FINANCIAL REVIEW

Our Business

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

The Company sells its products through a national network of boutique stores under four exclusive brands – Noni B, Liz Jordan, Queenspark and Events. Noni B creates its products which are then manufactured under contract by third party suppliers to the Company's specifications. All products are delivered to a central distribution centre where their quality is checked before they are distributed to stores.

Results for FY2015

Noni B's sales revenue decreased by 3.8% to $107.9 million during the year (FY2014: $112.1 million). First half revenue fell 8.3% while second half revenue increased by 1.5% with Queenspark and Events brands contributing $3.2 million.

Margins

The total gross margin for FY2015 was 62.0% of sales, compared with 58.9% in FY2014. The second half margin improved significantly as this was when the Consolidated Entity started to see the benefits of the strategies implemented by new management.

Expenses

Total expenses, excluding cost of sales, financing costs and impairment increased by 3.5% compared to last year to $74.9 million (FY2014: $72.4 million). In this amount the Group incurred one-off transaction costs of $1.4 million linked to acquisition, $0.4 million of non-recurring items and Queenspark and Events operating costs of $2.5 million. After adjustments the core Noni B operational costs have seen an improvement over the last year.

Earnings & Impairment charges

The Consolidated Entity's earnings were affected primarily by its lower revenue, especially in the first half. The Consolidated Entity reported an underlying after tax loss (i.e. excluding the impairment of intangible assets of goodwill and brand names) of $4.4 million for FY2015, compared with an underlying after tax loss of $2.3 million in FY2014. Following a review of the operations, the goodwill generated from the acquisition of the Queenspark and Events brands were written off resulting in a non-cash impairment charge of $0.4 million which resulted in a statutory after-tax loss of $4.8 million, compared to an after-tax loss of $7.8 million in FY2014.

Cash

The Consolidated Entity's cash balance at 28 June 2015 was $8.5 million, compared to $5.3 million on 29 June 2014. There was a cash inflow from operating activities of $5.1 million, compared to a cash outflow of $2.1 million in FY2014. Cash outflow from investing activities decreased to $1.8 million in comparison to a $1.9 million decrease in FY2014. Investing activities primarily included costs associated to the acquisition of the Queenspark and Events brands which did not flow through until the second half of the year. Cash outflow from financing activities decreased to $0.1 million in comparison to $0.6 million in FY2014 as no dividends were paid during the year.

Inventory

The Consolidated Entity's inventory on 28 June 2015 was $9.9 million, 16.1% lower than on 29 June 2014 ($11.8 million).

Stores

Noni B operates stores in shopping centres and high streets in all Australian states and the ACT with Queenspark and Events operating mainly in New South Wales, Queensland and South Australia: as at 28 June 2015 the Consolidated Entity operated 203 Noni B, five Queenspark and four Events stores. 79 stores located in New South Wales, 42 in Queensland, 36 in Victoria, 28 in Western Australia, 18 in South Australia, four in Tasmania, five in the ACT. Noni B opened one new store in New South Wales and closed ten underperforming stores: five in New South Wales; three in Victoria and one each in Queensland and Tasmania. On acquisition the Consolidated Entity operated six Queenspark and seven Events stores subsequently closing one Queenspark store in New South Wales and three Events stores with one in New South Wales and two in Queensland.

Outlook

The business will continue with the process of putting the customer at the heart of what we do and the decisions we make. Specifically the Company will remain focused on getting the product right for the customer, ensuring it manages its cost of doing business expenses as well as continuing with its vertical resource strategy model. This, coupled with the work being done on Noni B's in-store experience should positively impact the sales as well as the underlying profit.

DIRECTORS' QUALIFICATIONS, EXPERIENCE AND OTHER RESPONSIBILITIES

The details of the Company directors in office until the date of this report are as follows:

Richard Facioni

Chairman, Non-Executive Director

Joined the Board in November 2014

Background: Richard is an experienced corporate finance and investment professional, with over 25 years' experience in investment banking, mergers & acquisitions, corporate advice, restructurings and principal investment. Richard leads Alceon's corporate finance and private equity practice and represents Alceon's investment in Noni B (through NB BidCo). Prior to Alceon, Richard was a Managing Director of Silverfern Group, a global private equity origination and co-investment firm, where he co-led the group's activities in Australasia. He previously spent 15 years with Macquarie Group where he held a number of roles including Head of Acquisition Finance and Head of Principal Transactions Group, and was a co-founder of Shearwater Capital Group, a private credit opportunities investment firm.

Qualifications: Richard holds a Bachelor of Engineering degree (Honours I) from the University of Sydney, a Master of Business Administration from the Wharton School at the University of Pennsylvania, and is a member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia (FINSIA)

Special responsibilities: Chair of the Remuneration Committee and member of the Audit and Risk Committee

Scott Evans

Chief Executive Officer, Managing Director

Joined the Board in November 2014

Background: Scott has over 20 years' experience in international retailing leading both private and public companies. Scott started in the United Kingdom with Marks & Spencer before transitioning to Managing Director of Greenwoods Menswear (150 store chain) where Scott orchestrated the sale of the business to Chinese brand Bosideng. Scott moved to Australia and joined Specialty Fashion Group leading both Millers (largest ladies specialty business in the country with a 400 store chain) and Crossroads (150 store chain). Scott then transitioned to the role of CEO at Bras N Things under the BBRC Group before taking on the opportunity at Noni B in November 2014.

Qualifications: BTEC National Diploma in Business and Finance

Special responsibilities: Member of the Remuneration Committee

David Wilshire

Non-Executive Director

Joined the Board in November 2014

Background: David has over 15 years' experience in mergers & acquisitions, capital markets and principal investment. David is currently a Director with Alceon and represents Alceon's investment in Noni B (through NB BidCo). Prior to Alceon, David held roles within the corporate finance group of Babcock & Brown and the investment banking divisions of Goldman Sachs and Macquarie Group, where he helped numerous leading Australian and international companies across a broad range of industries with acquisitions, divestments and capital market transactions, as well as strategic advice.

Qualifications: Bachelor of Commerce from Monash University

Special responsibilities: Member of the Remuneration Committee and Audit and Risk Committee

Sue Morphet

Non-Executive Director

Joined the Board in February 2015

Background: Sue Morphet has over 25 years of brand management and retail experience across Australia and New Zealand. Sue was previously CEO of Pacific Brands Limited from December 2007 to September 2012, having worked in the organisation for 17 years, most notably as group General Manager of Bonds. Sue has also held senior sales and marketing roles at Sheridan and Herbert Adams. Sue currently serves on a number of Boards such as Fisher and Paykel Appliance Holdings Limited (New Zealand), Godfreys Group Limited, National Tiles and Asaleo Care Limited.

Qualifications: Bachelor of Science and Education, University of Melbourne; Scholar, Mt Eliza Business School

Special responsibilities: Member of the Remuneration Committee and Chair of the Audit and Risk Committee

COMPANY SECRETARY

Luke Softa

Chief Financial Officer, Company Secretary

Joined the Board in March 2015

Background: Luke has over 12 years' experience as a Chief Financial Officer within the Asian, American and Australian markets. Luke has spent 15 years in the service industry and held a number of roles within the Millward Brown Group, including Regional Chief Financial Officer for Africa Asia Pacific, before transitioning to Michael Page International as their Asia Pacific Chief Financial Officer. Luke then moved into the retail industry as the Chief Financial Officer at Bras N Things before taking on the opportunity at Noni B in March 2015.

Qualifications: Bachelor of Commerce; Certified Practising Accountant

Special responsibilities: Secretary to the Remuneration Committee and Audit and Risk Committee

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 28 June 2015, and the numbers of meetings attended by each director were:

	Board Meeting		Audit and risk management committee		Remuneration committee	
	A	B	A	B	A	B
Joycelyn Morton	13	13	2	2	1	1
Alan Kindl	10	8	1	1	1	1
Leo Tutt	13	13	2	2	1	1
David Kindl	7	7	–	–	1	1
James Kindle	7	7	–	–	–	–
Richard Facioni	10	10	2	2	1	1
David Wilshire	10	10	2	2	1	1
Scott Evans	10	10	–	–	1	1
Sue Morphet	4	4	1	1	1	1

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

INDEPENDENT DIRECTORS

The director considered by the board to be independent is Sue Morphet.

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 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 employed by, or a partner in, any firm that 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. As the Board is newly appointed no internal review has been conducted in FY2015
2. The performance evaluation of the board and its members will be conducted during FY2016

REMUNERATION REPORT [AUDITED]

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

The directors (executive and non-executive) and the senior executives received the amounts set out in the tables below and explained in this section of the Report as compensation for their services as directors and/or executives of the Group during the financial year ended 28 June 2015.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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:

REMUNERATION REPORT (CONTINUED)

Executive directors

Scott Evans	Chief Executive Officer and Managing Director (appointed 4 November 2014)
James Kindl	Joint Managing Director (resigned on 4 November 2014)
David Kindl	Joint Managing Director (resigned on 4 November 2014)

Non-executive directors

Richard Facioni	Chairman (appointed 4 November 2014)
David Wilshire	(appointed 4 November 2014)
Sue Morphet	(appointed 23 February 2015)
Joycelyn Morton	(resigned on 27 February 2015)
Alan Kindl	(resigned on 12 December 2014)
Leo Tutt	(resigned on 27 February 2015)

Senior Executives

Luke Softa	CFO / Company Secretary (appointed 31 March 2015)
Ann Phillips	CFO/ Company Secretary (resigned on 31 March 2015)
Phillip Fikkers	General Manager Human Resources Services (resigned 7 November 2014)
Rhonda Kilpatrick	General Manager Buyer & Marketing) (ceased KMP on 30 October 2014)

It is important to note that as part of the takeover, Rhonda Kilpatrick ceased from being considered as key management personnel due to restructure but still remains employed by Noni B Limited.

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 28 June 2015.

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

2015	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 $
Directors									
Executive directors									
Scott Evans[(a)]	267,000	175,000	–	10,008	25,000	–	4,629	234,514	716,151
David Kindl[(a)]	240,496	–	–	9,053	17,366	–	204	–	267,119
James Kindl[(a)]	240,496	–	–	7,574	17,366	–	2,574	–	268,010
Non-executive directors									
Joycelyn Morton[(a,b)]	53,975	–	–	–	5,128	–	–	–	59,103
Alan Kindl[(a)]	34,125	–	–	–	–	–	–	–	34,125
Leo Tutt[(a)]	48,833	–	–	–	–	–	–	–	48,833
Richard Facioni[(a)]	62,198	–	–	–	–	–	–	–	62,198
David Wilshire[(a)]	45,500	–	–	–	–	–	–	–	45,500
Sue Morphet[(a)]	22,750	–	–	–	–	–	–	199,392	222,142
Other key management personnel									
Rhonda Kilpatrick[(a)]	71,973	–	–	1,759	9,026	–	1,242	31,656	115,655
Phillip Fikkers[(a)]	120,421	–	–	5,047	9,630	–	1,136	31,656	167,890
Ann Phillips[(a)]	143,345	20,000	–	7,030	16,903	106,832	(18,416)	31,726	307,420
Luke Softa[(a)]	63,751	25,000	–	–	4,696	–	1,063	–	94,510
Total	1,414,862	220,000	–	40,471	105,115	106,832	(7,568)	528,944	2,408,656

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

(a) The following reflects the service period where individual was considered as key management personnel

Jocelyn Morton (30 June 2014 – 27 February 2015)
Alan Kindl (30 June 2014 – 12 December 2014)
Leo Tutt (30 June 2014 – 27 February 2015)
Richard Facioni (4 November 2014 – 28 June 2015)
David Wilshire (4 November 2014 – 28 June 2015)
Sue Morphet (23 February 2015 – 28 June 2015)
David Kindl (30 June 2014 – 4 November 2014)
James Kindl (30 June 2014 – 4 November 2014)
Scott Evans (4 November 2014 – 28 June 2015)
Rhonda Kilpatrick (30 June 2014 – 30 October 2014)
Phillip Fikkers (30 June 2014 – 7 November 2014)
Ann Phillips (30 June 2014 – 31 March 2015)
Luke Softa (31 March 2015 – 28 June 2015)

(b) Chairman (Represents remuneration until 27 February 2015)

(c) Long service leave for Rhonda Kilpatrick includes impact of restatement of liability arising from a change of mix between cash and non-cash components of remuneration package.

(d) Share based payments comprise $7,579 of new charges from the share offers dated 16 and 20 June 2014 and a reversal of $121,774 due to performance conditions not being met in relation to share offer dated 23 April 2008 that lapsed during the year.

(e) Share based payments comprise $7,596 of new charges from the share offers dated 16 and 20 June 2014 and a reversal of $91,044 due to performance conditions not being met in relation to share offer dated 22 June 2009 that lapsed during the year

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 set by resolution of shareholders at the annual general meeting. It is currently set at $200,000 per person per annum in aggregate. The remuneration does not include any participation by Independent Directors in Company Share schemes which is separately approved by the Board and ratified by shareholders at the annual general meeting.

Fees

The non-executive directors' base fee has been set at $68,250 per annum; the chairman's fee has been set at $98,550. During the financial year ended 28 June 2015 the company held a total of 23 formal meetings, including committee, board and shareholder meeting.

Equity participation

Non-executive directors may receive rights, options or shares as part of their remuneration, subject only to shareholder approval. As referenced below, no rights, options or shares have been issued to any of the non-executive directors other than Sue Morphet. The issue of shares pursuant to these rights remains subject to shareholder approval at the next annual general meeting.

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. Base salary is reviewed on a regular basis against market data for comparable positions;
- short term incentives (STI) – paid in cash / options, 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;
- 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. Noni B's long term incentive scheme was through the Deferred Employee Share Plan (DESP) which is discussed below.

The objective of the reward schemes (STI and LTI) is to both reinforce the key financial goals of the Company and to provide a common interest between management and shareholders.

Deferred Employee Share Plan (DESP)

The Deferred Employee Share Plan (DESP) was a scheme where employees become entitled to shares subject to a range of service and performance conditions. The last issuance of these shares was in 2014 but their final expense was in the current year.

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

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

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

Service conditions only apply to these offers as follows:

Service

Shares will vest, subject to continuing employment by the Company at the expiry date 29 August 2014. The shares below fully vested on the vesting date and none were exercised during the period.

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

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

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

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

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

Investment shares, share plan rights, and performance rights dated 26 June 2015

Service conditions only apply to these offers as follows:

Investment Shares

Shares will be issued, upon completion of the application form and approval by shareholders at the company's annual general meeting.

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

Name	Held at the start of the period	Granted as compensation during the period	Exercised during the period	Held at the end of the period	Vested at the end of the period
Scott Evans	–	784,313	–	784,313	784,313
Sue Morphet	–	980,392	–	980,392	980,392
Total	–	**1,764,705**	–	**1,764,705**	**1,764,705**

Date of grant	26 June 2015
Number of rights available	1,764,705
The assessed fair value at date of grant for each offer was	20 cents

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

a. exercise price	51 cents
b. grant date	26 June 2015
c. expiry date	31 October 2015
d. share price at grant date	70 cents
e. expected volatility of the company's shares	47%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

Also associated with this offer were share plan rights and Tranche 1 and Tranche 2 performance rights. These have a variety of market and non-market conditions attached to them (EBITDA and quality of earning metrics such as like for like growth targets).

REMUNERATION REPORT (CONTINUED)

Due to the buy-back conditions associated with them, the shares will be accounted for in the following year. The issue of any shares pursuant to these rights remain subject to shareholder approval at the next annual general meeting. The details are as follows:

Share Plan Rights

Date of grant	26 June 2015
Number of rights available (1,568,627 allocated to Scott Evans and 980,392 allocated to Sue Morphet)	2,549,019
The assessed fair value at date of grant for each offer was	20 cents
The model inputs for rights over shares granted at 26 June 2014 included:	
a. exercise price	51 cents
b. grant date	26 June 2015
c. expiry date	31 October 2015
d. share price at grant date	70 cents
e. expected volatility of the company's shares	47%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

Tranche 1 Performance Rights – these rights are issued to Scott Evans only.

Date of grant	26 June 2015
Number of rights available	882,479
The assessed fair value at date of grant for each offer was	36 cents
The model inputs for rights over shares granted at 26 June 2015 included:	
a. exercise price	51 cents
b. grant date	26 June 2015
c. expiry date	1 July 2020
d. share price at grant date	70 cents
e. expected volatility of the company's shares	43.8%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

Tranche 2 Performance Rights – these rights are issued to Scott Evans only.

Date of grant	26 June 2015
Number of rights available	882,479
The assessed fair value at date of grant for each offer was	37 cents
The model inputs for rights over shares granted at 26 June 2015 included:	
a. exercise price	51 cents
b. grant date	26 June 2015
c. expiry date	1 July 2020
d. share price at grant date	70 cents
e. expected volatility of the company's shares	43.8%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

The proportion of remuneration linked to performance and the fixed proportion are as follow

Name	Fixed Remuneration 2015	Fixed Remuneration 2014	Short term incentive 2015	Short term incentive 2014	Long term incentive 2015	Long term incentive 2014
Non-executive directors						
Joycelyn Morton	100%	100%	-%	-%	-%	-%
Alan Kindl	100%	100%	-%	-%	-%	-%
Leo Tutt	100%	100%	-%	-%	-%	-%
Richard Facioni	100%	-%	-%	-%	-%	-%
David Wilshire	100%	-%	-%	-%	-%	-%
Sue Morphet	10%	-%	-%	-%	90%	-%
Executive directors						
David Kindl	100%	100%	-%	-%	-%	-%
James Kindl	100%	100%	-%	-%	-%	-%
Scott Evans	43%	-%	24%	-%	33%	-%
Other key management personnel						
Rhonda Kilpatrick*	73%	97%	-%	-%	27%	3%
Philip Fikkers*	81%	97%	-%	-%	19%	3%
Ann Phillips*	83%	97%	7%	-%	10%	3%
Luke Softa	74%	-%	26%	-%	-%	-%

* In 2014, R. Kilpatrick, P. Fikkers, and A. Phillips incurred a reversal of a share based payment expense due to performance conditions not being met. The proportion of their remuneration linked to performance is without regard to this reversal.

The portion of the cash bonus paid/payable is as follows:

Name	2015	2014
Executive directors		
Scott Evans	100%	-%
Other key management personnel		
Luke Softa	100%	-%
Ann Phillips	100%	-%

Employment contracts

Name	Scott Evans	Luke Softa
Duration of Agreement	Employment agreement for Chief Executive Officer operative until terminated by either party.	Employment agreement for Chief Financial Officer operative until terminated by either party.
Termination payment	Maximum payment to be made to Chief Executive Officer on termination is 3 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 Chief Financial Officer on termination is 3 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 or the Executive – 3 months' notice. Payment in lieu of notice can be made by Noni B in all circumstances, if Noni B so chooses	On termination by Noni B or the Executive – 3 months' notice. Payment in lieu of notice can be made by Noni B in all circumstances, if Noni B so chooses.
Restraint Conditions	Restraint period of 6 months	Restraint period of 6 months

Additional information

The earnings of the Consolidated Entity for the five years to 28 June 2015 are summarised below:

Name	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Sales revenue	107,869	112,136	121,511	119,705	117,286
(Loss) / Profit after income tax	(4,790)	(7,843)	(3,500)	2,682	231

REMUNERATION REPORT (CONTINUED)

The factors that are considered to affect total shareholders return are summarised below:

Name	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Share price at financial year end (cents)	66	47	60	66.5	65
Basic earnings per share (cents per share)	(14.9)	(24.4)	(10.9)	8.4	0.7
Total dividends (cents)	–	1.5	6	2.5	4

Options held by directors and key management personnel

There are no options outstanding at end of the financial year ended 28 June 2015 and no options were granted during the year or prior year.

Relevant interest in shares by directors and key management personnel

Directors and Key Management Personnel	Balance at 29 June 2014	Shares vested but not exercised	Rights exercised	Net change other*	**Balance at 28 June 2015**
Scott Evans (appointed November 2014)	–	–	–	–	–
Richard Facioni (appointed November 2014)	–	–	–	–	–
David Wilshire (appointed November 2014)	–	–	–	–	–
Sue Morphet (appointed February 2015)	–	–	–	–	–
Luke Softa (appointed April 2015)	–	–	–	–	–
Joycelyn Morton (resigned February 2015)	15,797	–	–	(15,797)	–
Alan Kindl (resigned December 2014)	13,269,151[1]	–	–	(13,269,151)	–
Leo Tutt (resigned February 2015)	139,957[2]	–	–	(139,957)	–
David Kindl (resigned November 2014)	13,423,151[3]	–	–	(13,423,151)	–
James Kindl (resigned November 2014)	13,269,151[4]	–	–	(13,269,151)	–
Ann Phillips (resigned March 2015)	10,000[5]	–	–	(10,000)	–
Rhonda Kilpatrick (ceased as KMP October 2014)	97,048[6]	–	–	(97,048)	–
Phillip Fikkers (resigned November 2014)	–	–	–	–	–

* "Net change-other" refers to shares purchased or sold during the financial year ended 28 June 2015 or changes related to directors joining, leaving or ceasing to be a key management personnel during the year ended 28 June 2015.

The following details the date the directors left as key management personnel for Noni B Limited

1 Alan Kindl: 12 December 2014
2 Leo Tutt: 27 February 2015
3 David Kindl: 4 November 2014
4 James Kindl: 4 November 2014
5 Ann Phillips: 31 March 2015
6 Rhonda Kilpatrick: 30 October 2014

RETIRING EXECUTIVE DIRECTOR BENEFITS

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

This concludes the remuneration report which has been audited.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Consolidated Entity has entered into deeds with each of the directors under which the Consolidated Entity 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 Consolidated Entity.

During the financial year ended 28 June 2015, the Consolidated Entity paid an insurance premium in respect of a contract insuring each of the directors of the Consolidated Entity 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 the Company Directors and Officers was $48,389 in the financial year ended 28 June 2015.

INDEMNITY AND INSURANCE OF AUDITOR

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

During the financial year, the Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated Entity 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 Consolidated Entity or intervene in any proceeding to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

The Consolidated Entity was not a party to any such proceedings during the financial year ended 28 June 2015.

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 26 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 Consolidated Entity, acting as advocate for the Consolidated Entity 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 15 of this report as required under section 307C of the Corporations Act 2001.

ROUNDING OFF OF AMOUNTS

The Consolidated Entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR

BDO continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) (a) of the Corporations Act 2001.

On behalf of the Directors

Richard Facioni
Chairman

Scott Evans
Managing Director

28 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

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

As lead auditor of Noni B Limited for the year ended 28 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Noni B Limited and the entities it controlled during the year.

John Bresolin
Partner

BDO East Coast Partnership

Sydney, 28 August 2015

STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 JUNE 2015

		Consolidated	
	Note	2015 $'000	2014 $'000
Continuing Operations			
Sales	4	107,869	112,136
Other revenues	4	2,530	2,864
Other income	4	13	78
Cost of goods sold		(40,950)	(46,112)
Expenses, excluding finance costs	5	(74,862)	(72,358)
Finance costs	6	(17)	(17)
Loss before income tax and impairment from continuing operations		(5,417)	(3,409)
Income tax benefit	7	1,054	1,149
Loss after income tax and before amortisation and impairment from continuing operations		(4,363)	(2,260)
Amortisation of brand names	12	–	(167)
Impairment of brand names	12	–	(5,416)
Impairment of goodwill	12	(427)	–
Loss for the year		(4,790)	(7,843)
Loss attributed to members of the parent entity		(4,790)	(7,843)
Other comprehensive income, net of tax		–	–
Total comprehensive income attributable to members of the parent entity		(4,790)	(7,843)
Earnings per share			
Earnings per share from continuing operations attributable to the owners of Noni B Limited			
Basic earnings per share (cents per share)	25	(14.9)	(24.4)
Diluted earnings per share (cents per share)	25	(14.9)	(24.4)

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

STATEMENT OF FINANCIAL POSITION

AS AT 28 JUNE 2015

	Note	Consolidated 2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	19	8,493	5,313
Trade and other receivables	8	484	1,034
Inventories	10	9,939	11,773
Income tax receivable	7	–	618
TOTAL CURRENT ASSETS		18,916	18,738
NON-CURRENT ASSETS			
Trade and other receivables	8	185	3
Property, plant and equipment	11	5,059	7,369
Intangible assets	12	–	–
Deferred tax assets	7	4,886	3,852
TOTAL NON-CURRENT ASSETS		10,130	11,224
TOTAL ASSETS		29,046	29,962
CURRENT LIABILITIES			
Trade and other payables	13	14,667	10,927
Borrowings	14	116	107
Provisions	15	4,479	4,295
TOTAL CURRENT LIABILITIES		19,262	15,329
NON-CURRENT LIABILITIES			
Trade and other payables	13	440	821
Borrowings	14	93	230
Provisions	15	803	796
Deferred tax liabilities	7	66	85
TOTAL NON-CURRENT LIABILITIES		1,402	1,932
TOTAL LIABILITIES		20,664	17,261
NET ASSETS		8,382	12,701
EQUITY			
Issued capital	16	20,754	20,754
Reserves		742	271
Accumulated losses		(13,114)	(8,324)
TOTAL EQUITY		8,382	12,701

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 JUNE 2015

Consolidated	Note	Issued capital $'000	(Accumulated Losses) $'000	Equity Reserve $'000	Total $'000
Balance at 30 June 2013		**22,105**	**(1,351)**	**579**	**21,333**
Loss after income tax for the year		–	(7,843)	–	(7,843)
Other comprehensive income for the year net of tax		–	–	–	–
Total comprehensive income for the year		–	(7,843)	–	(7,843)
Transactions with owners in their capacity as owners:					
Share based payments	30	–	–	(308)	(308)
Capital reduction per Corporations Act Section 258F		(1,351)	1,351	–	–
Dividends paid or provided for	20	–	(481)	–	(481)
Balance at 29 June 2014	16	**20,754**	**(8,324)**	**271**	**12,701**
Loss after income tax for the year		–	(4,790)	–	(4,790)
Other comprehensive income for the year net of tax		–	–	–	–
Total comprehensive income for the year		–	(4,790)	–	(4,790)
Transactions with owners in their capacity as owners:					
Share based payments	30	–	–	471	471
Dividends paid or provided for	20	–	–	–	–
Balance at 28 June 2015	16	**20,754**	**(13,114)**	**742**	**8,382**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 JUNE 2015

	Note	Consolidated 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		124,017	129,725
Payments to suppliers and employees (inclusive of GST)		(119,575)	(130,942)
Interest received		91	157
Finance costs		(17)	(17)
Income taxes refund/(paid)		618	(1,019)
Net cash provided/(used in) by operating activities	19(b)	5,134	(2,096)
Cash flows from investing activities			
Payments for property, plant and equipment		(317)	(1,990)
Payments for brand names and trademarks	24	(1,536)	–
Proceeds from sale of property, plant and equipment		13	78
Net cash used in investing activities		(1,840)	(1,912)
Cash flows from financing activities			
Repayment of borrowings		(114)	(99)
Dividends paid	20	–	(481)
Net cash used in financing activities		(114)	(580)
Net increase/(decrease) in cash and cash equivalents		3,180	(4,588)
Cash and cash equivalents at the beginning of the financial year		5,313	9,901
Cash and cash equivalents at the end of the financial year	19(a)	8,493	5,313

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

NOTE 1. INTRODUCTION

General information

The financial report covers Noni B Limited the Consolidated Entity 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.

Operations and principal activities

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

Scope of financial statements

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

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

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

Currency

The financial report is presented in Australian currency.

Reporting period

The financial report is presented for the year ended 28 June 2015. The comparative reporting period ended at 29 June 2014.

Registered office and principal place of business

10 Garling Road, Kings Park
NSW 2148, Australia.

Authorisation of financial report

The financial report was authorised for issue by the Directors on 28 August 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Noni B Limited and its subsidiaries in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

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

The Consolidated Entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

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

The Consolidated Entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The Consolidated Entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

(b) Going concern

The financial report has been prepared on a going concern basis. The Consolidated Entity recorded a statutory after-tax loss of $4,790,000 which includes an impairment charge to intangibles of $427,000 in comparison to FY2014 which recorded a statutory after-tax loss of $7,843,000 which also included an impairment charge of $5,416,000. Furthermore, during FY2015 the Consolidated Entity experienced a net cash inflow from operating activities of $5,134,000 (FY2014 had an outflow of $2,096,000).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- The strategies that have been implemented by new management around the improvement of cost efficiencies.
- The Consolidated Entity entered into a new market rate facility during the year which is yet to be used (note 28). Management do not anticipate that the funds will be required unless there is a significant change in the market.
- The Consolidated Entity has prepared the forecasts for the period up to 26 June 2016 with management confident that based on the margin and costs the Consolidated Entity will remain in compliance with the borrowing ratios and distributions stated in the financial covenants.
- The Consolidated Entity ended the year with a net cash inflow of $3,180,000 (FY2014 outflow of $4,588,000) which included one-off costs for the acquisition of Queenspark and Events brands, takeover costs from the sale of the business and director termination payments. Based on the cashflow projections management believe the improvement in cash movement will continue throughout FY2016.

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

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(i) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(ii) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(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 31.

(e) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Noni B Limited (the 'Consolidated Entity') as at 28 June 2015 and the results of all subsidiaries for the year then ended. Noni B Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(f) Foreign currency translation

The financial statements are presented in Australian dollars, which is Noni B Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(g) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

(i) Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

(ii) Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Other revenue

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

(h) Income taxes

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Noni B Limited (the 'Consolidated Entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

The Consolidated Entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Consolidated Entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the Consolidated Entity to the subsidiaries nor a distribution by the subsidiaries to the Consolidated Entity.

(i) Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

(j) Cash and cash equivalents

Cash and cash equivalents include:

(i) cash on hand and deposits held at call with financial institutions

(ii) investments in money market instruments; and

(iii) cash in transit

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(k) Trade and other 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

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.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

(m) 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. Assets which have been allocated to the low value pool are depreciated at the rates between 18.75% – 37.5%.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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.

(o) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(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. The current policy is to amortise any brand names over 25 years on a straight-line basis.

(p) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(q) Trade and other payables

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

(r) 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.

(s) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(t) Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(u) Short Term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

(v) Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are 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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(w) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(x) 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.

(y) Customer loyalty programs

The Consolidated Entity 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 Consolidated Entity 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.

(z) Fair value measurement

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

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

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

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

(aa) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(bb) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Consolidated Entity.

(cc) Earnings per share

(i) 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, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) 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.

(dd) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(ee) Rounding of amounts

The Consolidated Entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar

(ff) 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.

(gg) 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.

(hh) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, and the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(ii) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 28 June 2015. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the group.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Impairment of intangibles

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

Impairment of goodwill from the acquisition of Queenspark and Events was recognised for the year ended 28 June 2015.

Impairment of brand names was recognised for the year ended 29 June 2014.

(b) 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 22% (2014: 20%).

(c) Share-based payment transactions

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

(d) 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.

(e) 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.

(f) 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.

(g) Income tax

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

(h) Recovery of deferred tax assets

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

(i) Goodwill and other indefinite intangible assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(j) Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are 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.

(k) Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 4. REVENUE

	Consolidated 2015 $'000	2014 $'000
Sales revenue – sales of goods	107,869	112,136
Other revenue		
Jewellery commission	2,240	2,475
Sundry income	199	232
Interest	91	157
Total other revenue	2,530	2,864
Other income		
Net gain on disposal of non-current assets	13	78

NOTE 5. EXPENSES

	Consolidated 2015 $'000	2014 $'000
Marketing and selling expenses	33,157	33,302
Occupancy expenses	30,239	31,381
Administrative expenses	11,290	7,441
Other expenses	176	234
Total expenses excluding finance costs	74,862	72,358

NOTE 6. PROFIT/(LOSS) FOR THE YEAR

	Consolidated 2015 $'000	2014 $'000
Loss before income tax from continuing operations includes:		
Finance costs comprising interest attributed to:		
– commercial hire purchase	17	17
Total finance costs	17	17
Amortisation of non-current assets:		
– commercial hire purchase assets	125	105
Total amortisation	125	105
Depreciation of non-current assets	2,273	2,914
Inventory losses	531	660
Provision for inventory writedowns	374	310
Amortisation of brand names	–	167
Impairment of brand names	–	5,416
Impairment of goodwill	427	–
Impairment of property plant and equipment	40	245
Net expenses resulting in deductions from the carrying amounts of assets	3,645	9,712
Operating lease rental expenses	25,962	26,379
Employee benefits expense	32,566	31,632
Share based payments	471	(308)
Superannuation expense	2,704	2,624
Net foreign exchange gain	17	–

NOTE 7. INCOME TAX

Major components of income tax benefit

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current income tax	–	–
Adjustment of prior year tax	–	(34)
Deferred tax	(1,054)	(1,115)
Income tax benefit	(1,054)	(1,149)
Reconciliation between income tax (benefit)/expense and prima facie tax on accounting loss		
Accounting loss	(5,844)	(8,992)
Tax at 30% (2014-30%)	(1,753)	(2,698)
Tax effect on non-deductible expenses/(non-assessable items)		
Impairment of brand names	–	1,675
Impairment of goodwill	128	–
Share based expenses/write-backs	107	(92)
Movement in equity reserve	34	–
Project costs (blackhole expenditure)	430	–
Over provision from prior year	–	(34)
Income tax benefit	(1,054)	(1,149)
Tax Liabilities/(Assets)		
Current tax liabilities/(assets)	–	(618)
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	1,452	1,527
Lessors fit out contribution	261	387
Accruals	193	111
Provision for shrinkage/obsolescence/absorption costs	514	438
Depreciation timing differences	534	415
Provision for customer loyalty	126	119
Future tax benefit of tax losses	1,800	841
Other	6	14
Total deferred tax assets	4,886	3,852
Analysis of deferred tax liabilities:		
Income receivable from lay-by sales	51	60
Other	15	25
Total deferred tax liabilities	66	85

The Consolidated Entity recognises the benefit for tax losses as deferred tax assets only if:

- the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses

Whilst the group recorded large trading losses for three consecutive years, the strategies implemented by new management around cost efficiencies, process improvements and product offering has led to a significant improvement in results since the last quarter of FY2015. As such management believe the group will return to generating sufficient taxable profits and therefore recoup the tax losses being recognised.

NOTE 8. TRADE AND OTHER RECEIVABLES

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
Trade accounts receivable	273	332
Allowance for impairment loss	–	–
Total trade receivables	273	332
Other receivables and prepayments	211	702
Total current receivables	484	1,034
Non-current		
Other receivables and prepayments	185	3
Total non-current receivables	185	3

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

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

NOTE 9. OTHER FINANCIAL ASSETS/ CONTROLLED ENTITIES

Parent entity

	Country of incorporation	Proportion of ordinary ownership interest 2015	2014
Investments in subsidiaries			
Hapago Pty Ltd	Australia	100%	100%
Stellvine Pty Ltd	Australia	100%	100%
La Voca Pty Ltd	Australia	100%	100%
Bostide Pty Ltd	Australia	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 $8.

Consolidated

The parent entity within the group is Noni B Limited.

NOTE 10. INVENTORIES

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
Finished goods at cost	10,631	12,093
Provision for obsolescence	(684)	(310)
Provision for shrinkage	(8)	(10)
Total inventories	9,939	11,773

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2015 $'000	2014 $'000
Plant and Equipment		
(a) Plant and equipment – at cost	26,438	27,462
Less accumulated depreciation/impairment	(21,485)	(20,338)
	4,953	7,124
(b) Commercial hire purchase – plant and equipment		
Plant and equipment under commercial hire purchase	375	401
Less accumulated amortisation	(269)	(156)
	106	245
Total property, plant and equipment	5,059	7,369
(c) Movements in Carrying Amounts		
(i) Plant and Equipment		
Opening net book value	7,124	8,294
Additions	304	1,990
Disposals	(162)	(91)
Recoverable amount write-downs	(40)	(155)
Depreciation expense	(2,273)	(2,914)
Closing net book value	4,953	7,124
(ii) Plant and equipment under commercial hire purchase		
Movements during the year:		
Opening net book value	245	136
Additions	–	214
Disposals	(14)	–
Amortisation expense	(125)	(105)
Closing net book value	106	245

NOTE 12. INTANGIBLE ASSETS

	Consolidated 2015 $'000	2014 $'000
Brand Names – at cost	5,583	
Less: accumulated amortisation	(167)	(167)
Less: accumulated impairment	(5,416)	(5,416)
Net carrying value	–	–
Goodwill	5,465	5,465
Add: Goodwill (refer to note 24)	427	–
Less: accumulated impairment losses	(5,892)	(5,465)
Net carrying value	–	–
Total intangibles	–	–

(a) Impairment Disclosures

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

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

The following key assumptions were used in the discounted cash flow model for the Consolidated Entity;

a. 18.77% (2014:18.76%) pre-tax discount rate

b. 1-3% (2014: 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.

During the year the Consolidated Entity purchased the Queenspark and Events brands, trademarks and intellectual property which generated a Goodwill amount of $427,000.

At the end of FY2015 the Consolidated Entity made an assessment on the value of the Goodwill based on the following factors:

- when the acquisition was made, Queenspark and Events were operating 13 stores which were based in New South Wales, Queensland and South Australia. Subsequent to the acquisition, the Consolidated Entity closed down 4 loss making stores leaving the store count to 9.
- due to the timelines required to impact a turnaround in sales the Queenspark and Events brands delivered a full year trading loss
- the FY2016 forecast has indicated a breakeven for the brand with no new stores being budgeted

Based on management's projections and the above factors an impairment loss was therefore recognised in the statement of profit or loss and other comprehensive income of $427,000.

NOTE 13. TRADE AND OTHER PAYABLES

	Consolidated 2015 $'000	2014 $'000
Current		
Trade accounts payable	11,268	7,759
Other payables	2,968	2,650
Lease incentives and fit-out contributions	431	518
Total current	14,667	10,927
Non-Current		
Lease incentives and fit-out contributions	440	821
Total non-current	440	821

NOTE 14. BORROWINGS

	Consolidated 2015 $'000	2014 $'000
Current		
Secured borrowings:		
Commercial hire purchase liabilities	116	107
Total current secured borrowings	116	107
Non-current		
Commercial hire purchase liabilities	93	230
Total non-current secured borrowings	93	230

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

NOTE 15. PROVISIONS

	Consolidated 2015 $'000	2014 $'000
Current		
Employee benefits	4,036	4,295
Other provisions	443	–
Total current provisions	4,479	4,295
Non-current		
Employee benefits	803	796
Total non-current provisions	803	796
	Number	Number
Number of employees	1,001	1,059

Employee benefits

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits 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 leave or require payment within the next 12 months. The amount that is not expected to be taken within the next twelve months including on costs is $1,470,000.

NOTE 15. PROVISIONS (CONTINUED)

	Consolidated 2015 Lease make good $'000	Consolidated 2015 Bonus $'000
Carrying amount at the start of the year	–	–
Additional provisions recognised	30	413
Amounts transferred from non-current	–	–
Amounts used	–	–
Unused amounts reversed	–	–
Carrying amount at the end of the year	**30**	**413**

Lease make good

The provision represents the present value of the estimated costs to make good the store closures for premises leased by Noni B Limited.

Bonus

The provision represents the estimated amount to be paid to team members based on the FY2015 performance.

NOTE 16. ISSUED CAPITAL

	Consolidated 2015 $'000	Consolidated 2014 $'000
32,090,136 ordinary shares fully paid (2014: 32,090,136 ordinary shares)	20,754	20,754

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Consolidated Entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Consolidated Entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

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 previous employee share plans.

Capital risk management

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

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

For information on the Consolidated Entity's financing and debt facilities, refer to note 28.

The Consolidated Entity is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 29 June 2014 Annual Report. The gearing ratios for the years ended 28 June 2015 and 29 June 2014 for the Consolidated Entity are as follows:

	Note	28 June 2015 $'000	30 June 2014 $'000
Total debt	14	209	337
Total equity		8,382	12,701
Total capital		8,591	13,038
Gearing ratio		2.4%	2.6%

NOTE 17. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives

The Consolidated Entity's principal financial instruments comprise receivables, payables, cash and short-term deposits and short term borrowings. These activities expose the Consolidated Entity 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 entity is exposed by considering risk and monitoring levels of exposure to interest risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

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

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

The Consolidated Entity does not engage in any significant transactions that are speculative in nature.

(b) Market Risk

Foreign Exchange risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

As this was a recent change in operations, in order to protect against exchange rate movements, the Consolidated Entity will be looking into its hedging options as the number of foreign transactions increase.

Exposure to foreign exchange rate risk during the 2015 financial year was not material.

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest Rate Risk

The majority of the Consolidated Entity'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 on commercial hire purchase agreements. These agreements are fixed for the terms of the contracts and are not subject to changes in market interest rates. The Consolidated Entity has no bank borrowings therefore there is no exposure (2014: nil) for any increase/decrease in market interest rate.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

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

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 Consolidated Entity has made no provision for impairment loss for past due balances.

(d) Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due.

NOTE 17. FINANCIAL INSTRUMENTS (CONTINUED)

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cash flows.

At the end of the reporting date the Consolidated Entity had a total of $2,000,000 in unused borrowing facilities.

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

Consolidated $'000	Weighted Average Interest Rate	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Total
2015						
Financial liabilities:						
Trade and other payables	–	**6,454**	**7,782**	–	–	**14,236**
Commercial hire purchase	**5.91%**	**10**	**66**	**48**	**96**	**220**
		6,464	**7,848**	**48**	**96**	**14,456**
2014						
Financial liabilities:						
Trade and other payables	–	6,663	3,746	–	–	10,409
Commercial hire purchase	5.85%	10	21	93	242	366
		6,673	3,767	93	242	10,775

Net Fair Values

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

NOTE 18. COMMITMENTS FOR EXPENDITURE

	Consolidated 2015 $'000	Consolidated 2014 $'000
(a) Commercial hire purchase		
Present value of minimum commitments under hire purchase arrangements:		
Payable within 1 year	**124**	124
Payable within 1-5 years	**96**	242
Total minimum payments under hire purchase liability	**220**	366
Less: future finance charges	**(11)**	(29)
Total hire purchase liability	**209**	337

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

	Consolidated 2015 $'000	Consolidated 2014 $'000
Reflected in financial statements		
Current liability (Note 14)	**116**	107
Non-current liability (Note 14)	**93**	230
	209	337

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

Total future minimum lease payments under non-cancellable operating leases:	2015	2014
Payable within 1 year	**16,568**	14,158
Payable within 1-5 years	**20,658**	18,801
Payable in more than 5 years	**102**	52
	37,328	33,011

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

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

	Consolidated 2015 $'000	2014 $'000
Plant and equipment expenditure payable within 1 year	–	–
Total capital expenditure commitments	–	–

NOTE 19. CASH FLOW INFORMATION

	Consolidated 2015 $'000	2014 $'000
(a) Cash and cash equivalents		
Cash and cash equivalents include the following:		
Cash at bank	3,617	545
Cash on hand	51	49
Cash in transit	487	699
Short term deposits	4,338	4,020
Total cash and cash equivalents at end of period	8,493	5,313

	Consolidated 2015 $'000	2014 $'000
(b) Reconciliation of net cash provided by operating activities to profit after income tax		
Profit (loss) after income tax	(4,790)	(7,843)
Aggregate inventory write downs and other losses	751	970
Depreciation	2,273	2,914
Amortisation – vehicles under commercial hire purchase	125	105
Loss on sale/Write-down of assets to recoverable amount	215	245
Impairment of goodwill	427	–
Amortisation of brand names	–	167
Impairment of brand names	–	5,416
Gain on disposal of property, plant and equipment	(13)	(78)
Share based payments	471	(308)
Change in assets and liabilities:		
Decrease in trade and other receivables	368	352
Decrease in inventories	2,192	840
(Increase) in deferred tax assets	(1,034)	(1,726)
Decrease in deferred tax liabilities	(20)	(22)
Increase/(decrease) in trade and other payables	3,361	(3,076)
Decrease in income tax liability	–	(420)
Decrease in tax receivable	617	–
Increase in provisions	191	368
Net cash flow from operating activities	5,134	(2,096)

Non cash financing and investing activities

The Consolidated Entity did not acquire any motor vehicles by commercial hire purchase during the year (2014: $214,000)

Financing arrangements

The Consolidated Entity has access to the credit line facilities per Note 28.

NOTE 20. DIVIDENDS PAID

	Consolidated 2015 $'000	2014 $'000
(a) Ordinary dividends		
Fully franked interim ordinary dividend was nil (2014: 1.5 cents per share)	–	481
Total dividends paid	–	481

There have been no dividends declared or paid in the current period.

NOTE 21. FRANKING CREDITS

	Consolidated 2015 $'000	2014 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	5,966	6,405

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 22. SEGMENT INFORMATION

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

Queenspark and Events

Management has assessed the revenue, profit and assets of Queenspark and Events in considering the disclosure requirements of the operating segment with the revenue and assets not meeting more than the quantitative 10% threshold of the combined Consolidated Entity. Therefore no disclosure shall be made necessary.

As management assesses the performance of the Queenspark and Events brand on a monthly basis, the Consolidated Entity will make an assessment in FY2016 when considering the segment disclosure should the revenue, profits and assets exceed 10% of the combined group. For FY2015 the brands made a contribution loss of $745,000 to the results of the Consolidated Entity.

NOTE 23. RELATED PARTY DISCLOSURES

Parent entity

Noni B Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 9.

Key management personnel

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

Compensation

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

	Consolidated 2015 $'000	2014 $'000
Short-term employee benefits	1,675,333	1,402,682
Post-Employment benefits	211,947	112,498
Other long term benefits	(7,568)	28,830
Share based payments	528,944	(311,838)
	2,408,656	1,232,172

Transactions with related parties

The following transactions occurred with related parties:

Directors

	Consolidated 2015 $'000	Consolidated 2014 $'000
Rent paid on head office premises to The ABJD Trust (a related party to Alan Kindl and James Kindl as directors) until November 2014	102,860	399,294

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

NOTE 24. BUSINESS COMBINATIONS

On 30th December 2014, the Consolidated Entity acquired the Queenspark and Events brands, trademarks and intellectual property from a subsidiary of BD Standard Pty Ltd ("BD") (formerly Universal Retail brands Pty Ltd) which at the time operated in 13 stores. This is a business which operates in the retail of women's apparel and accessories. The goodwill of $427,000 represents the excess the Consolidated Entity paid for over the net assets acquired. The acquired business contributed revenues of $3,238,000 and a loss of $745,000 to the Consolidated Entity for the period 1 January 2015 to 28 June 2015. If the purchase of Queenspark and Events brands occurred on 1 July 2014, the full year contributions would have been $8,095,000 in sales and an after tax loss of $604,000.

Details of the acquisition are as follows:

	Fair value $'000
Trademark and intellectual property	–
Inventory	1,031
Net assets acquired	1,031
Goodwill	427
Acquisition-date fair value of the total consideration transferred	1,458
Representing:	
Cash paid for purchase	1,458
GST paid on acquisition	78
Total cash paid to vendor	1,536
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,536
Net cash used	1,536

The legal and advisory fees relating to the acquisition was $377,000. These costs were directly expensed to the statement of profit or loss and other comprehensive income.

NOTE 25. EARNINGS PER SHARE

	Consolidated 2015 $'000	Consolidated 2014 $'000
Earnings per share for profit		
Profit after income tax	(4,790)	(7,843)
Profit after income tax attributable to the owners of Noni B Limited	(4,790)	(7,843)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	32,090,136	32,090,136
Weighted average number of ordinary shares used in calculating diluted earnings per share	32,090,136	32,090,136
Basic earnings per share (cents per share)	(14.9)	(24.4)
Diluted earnings per share (cents per share)	(14.9)	(24.4)

NOTE 26. AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Consolidated Entity, its network firms and unrelated firms:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Remuneration of the auditor of the parent entity for:		
– Audit and review of the financial reports	135,450	136,000
– Tax compliance services	25,865	30,000
Total auditor remuneration	161,315	166,000

NOTE 27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Consolidated Entity is not aware of any contingent assets and liabilities at reporting date.

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

	Consolidated	
	2015 $'000	2014 $'000
Bank guarantees – limit	35	230
Current exposure	35	225

NOTE 28. CREDIT STANDBY ARRANGEMENT AND LOAN FACILITIES

The Consolidated Entity has access to the following credit facilities:

	Consolidated	
	2015 $'000	2014 $'000
The Consolidated Entity has access to the following credit facilities:		
Amount of credit facilities available		
Business Card	30	385
Market Rate Facility	2,000	3,000
Bank Guarantees	35	230
Total	2,065	3,615
Amount of credit facilities unused		
Business Card	30	373
Market Rate Facility	2,000	3,000
Bank Guarantees	–	5
Total	2,030	3,378

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE

At the end of July 2015, it was announced to the Consolidated Entity's warehouse team that in order to adapt its size and responsiveness to today's market conditions the warehouse department will be closed by the end of August and the group will be moving to a third party solution.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial 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 30. EMPLOYEE EQUITY-BASED BENEFIT ARRANGEMENTS

Deferred Employee Share Plan ("DESP")

The Deferred Employee Share Plan (DESP) was a scheme where employees become entitled to shares subject to a range of service and performance conditions. The last issuances of these shares were in 2014 but their final expense was in the current year.

The fair value at grant date is independently determined using a Binomial Approximation Option Valuation Model and the Black Scholes 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 share grants which were in force during the year ended 28 June 2015 were as follows:

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

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

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

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

Investment shares dated 26 June 2015

Service conditions only apply to these offers as follows:

Investment Shares

Shares will vest, upon completion of the application form and approval by shareholders at the company's Annual General Meeting.

Date of grant	26 June 2015
Number of rights available	1,764,705
The assessed fair value at date of grant for each offer was	20 cents

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

a. exercise price	51 cents
b. grant date	26 June 2015
c. expiry date	31 October 2015
d. share price at grant date	70 cents
e. expected volatility of the company's shares	47%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

The total charge arising from share based payment transactions during the year as part of employee benefit expense was $470,786 (2014: $27,036).

NOTE 31. PARENT ENTITY INFORMATION

	Parent 2015 $'000	Parent 2014 $'000
Set out below is the supplementary information about the parent entity		
Statement of profit or loss and other comprehensive income		
(Loss) after tax	(4,790)	(7,843)
Total comprehensive income	(4,790)	(7,843)
State of financial position		
Total current assets	18,916	18,738
Total assets	29,046	29,962
Total current liabilities	19,262	15,329
Total liabilities	20,664	17,261
Equity		
Issued Capital	20,754	20,754
Equity Reserve	742	271
Accumulated losses	(13,114)	(8,324)
Total equity	8,382	12,701

Contingent liabilities

The parent entity had no contingent liabilities as at 28 June 2015 and 29 June 2014.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 28 June 2015 and 29 June 2014.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

DIRECTORS' DECLARATION

In the directors' opinion:

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

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

c. the attached financial statements and notes give a true and fair view of the Company's financial position as at 28 June 2015 and its performance for the financial year ended on that date; and

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

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

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

Richard Falcioni
Chairman

28 August 2015

Scott Evans
Managing Director

28 August 2015

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

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 consolidated statement of financial position as at 28 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NONI B LIMITED

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 28 June 2015 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 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 28 June 2015. 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 28 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

J Bresolin

John Bresolin
Partner

Sydney, 28 August 2015

ADDITIONAL INFORMATION

Details of shareholders and shareholdings

The shareholder information set out in the table below was applicable as at 31 July 2015.

Analysis of number of equitable security holders by size of holding:

Distribution of ordinary shareholding

Size of Holding	Ordinary Shares
1 – 1,000	88
1,001 – 5,000	93
5,000 – 10,000	28
10,000 – 100,000	44
100,001 and over	14
Total Number of Shares	267

There were 53 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below applicable as at 10 August 2015:

	Ordinary Shares	
Holder name	Number Held	% of total shares issued
NB Bidco Pty Ltd	14,774,667	46.04
NB Bidco Pty Ltd	8,330,325	25.96
VBS Exchange Pty Ltd	3,003,301	9.36
NB Bidco Pty Ltd	1,765,323	5.50
HSBC Custody Nominees	470,778	1.47
Locope Pty Ltd	275,000	0.86
Redmond Gary Pty Limited	260,000	0.81
Cameron Williams Pty Ltd	250,000	0.78
Barbara Prussner Superfund	200,000	0.62
Mr David Teoh	135,629	0.42
Mr Michael Edward Taylor	125,000	0.39
Mr Alan Alec Kindl	121,300	0.38
Edu Super Fund	120,000	0.37
Baggy Red Pty Ltd	111,000	0.35
Baron Super Fund	100,000	0.31
Steven Koppe Family	100,000	0.31
RL Abrahams Super Fund	97,000	0.30
The Mervyn Cohen Superfund	83,000	0.26
The Cooper Super Fund	75,000	0.23
Badgery Family Super Fund	73,765	0.23
Total	30,471,088	94.95

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