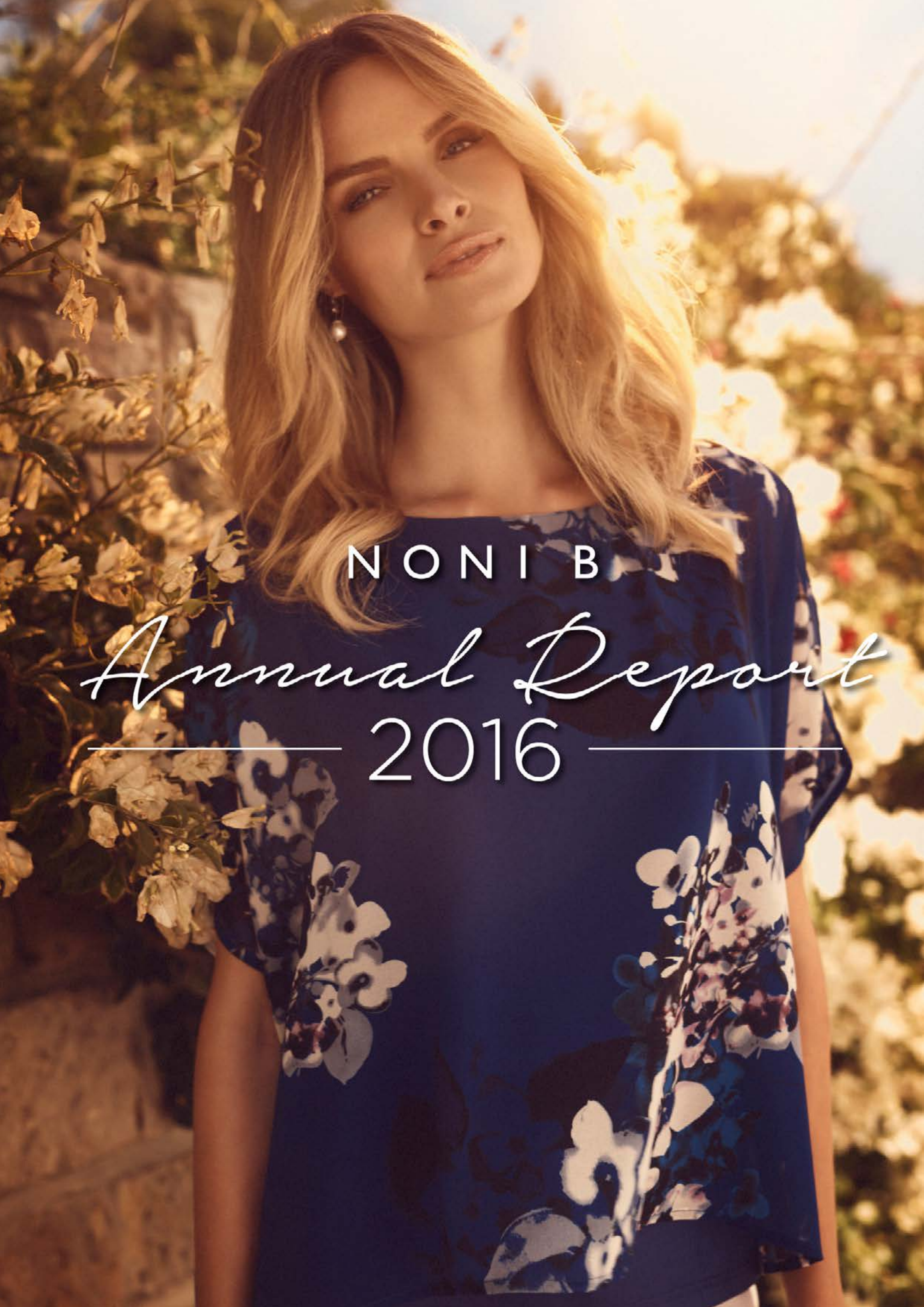
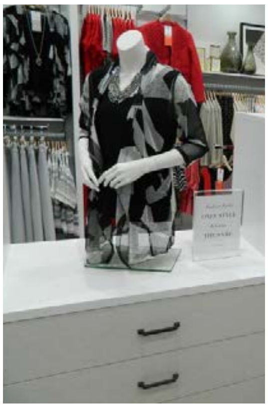
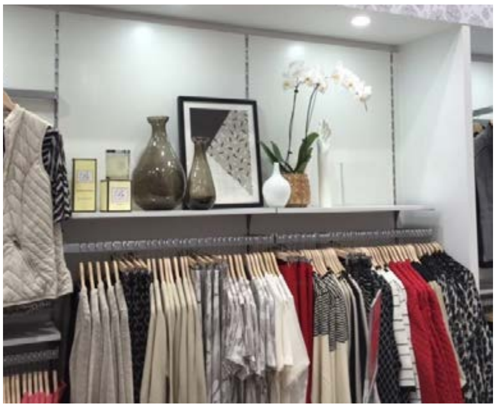
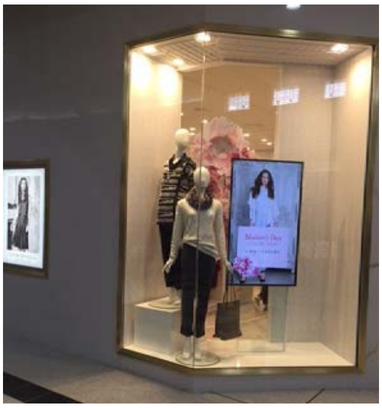
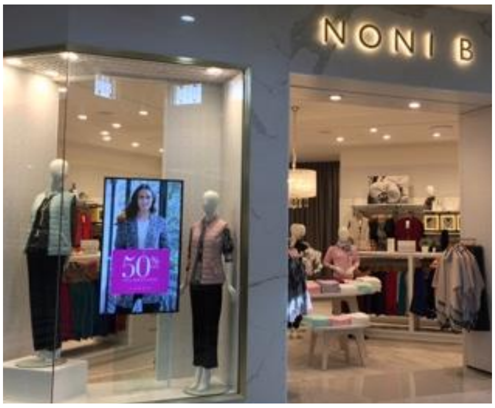
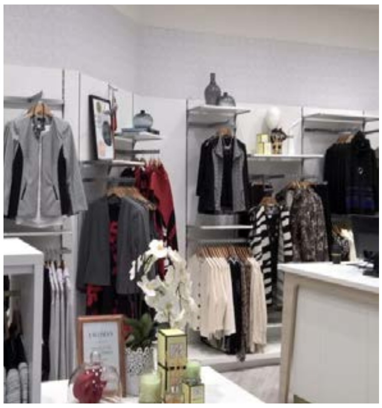
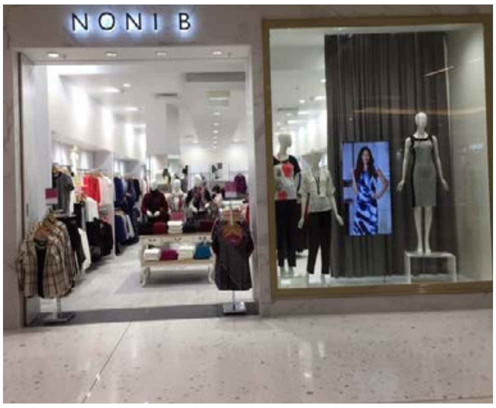
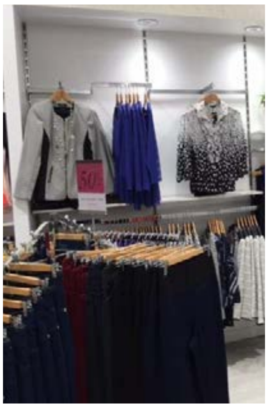
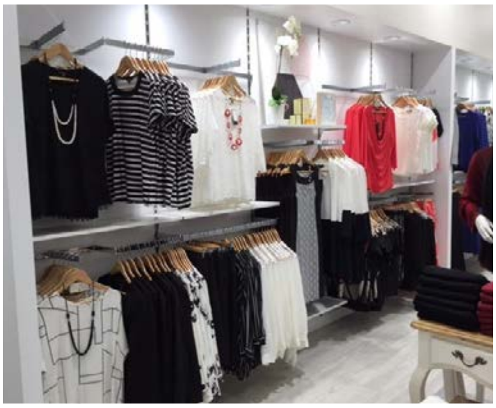


NONI B

Annual Report 2016

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CHAIRMAN'S REPORT

The year to 26 June 2016 was Noni B's first full year under new management, and I am pleased to report a significant turnaround, with comparable store sales stabilised and a return to profit. There has also been substantial progress with creating a solid platform for expansion and earnings growth.

Revenue in the six months to the end of December increased by 3.7%. The second half of the year was impacted by the delayed winter season leading to total revenue of $110.5 million for the year, in line with FY2015.

Operational improvements throughout the Group increased gross margin by 7.1%, resulting in EBITDA (adjusted)[1] of $6.1 million, compared with a loss of $1.2 million for the previous year. Net profit after tax was $2.2 million, compared with a statutory loss of $4.8 million in FY2015.

Operating cash flow was $7.7 million, compared with $5.1 million in FY2015, and at 26 June 2016 the Group's cash balance was $12.9 million, 52.1% higher than a year earlier. At 26 June 2016, the company had no bank borrowings.

This encouraging result confirms our confidence in the strength of the Noni B brand and the group's potential, as management continues to focus on restoring earnings to acceptable levels. In his Managing Director's review, Scott Evans outlines some of the initiatives undertaken to further improve performance.

At the beginning of August, we announced an agreement to acquire Pretty Girl Fashion Group from Consolidated Press Holdings Pty Limited (CPH), in a transaction that will transform Noni B. This will create one of the leading speciality apparel retailers in Australia, with annual sales of over $330 million and a network of close to 600 stores.

The transaction, which is expected to be earnings per share accretive from the first year, will combine two well-established brands with high customer loyalty – Noni B and Rockmans – and two brands with significant growth potential – W.Lane and BeMe. There are expected to be significant commercial synergies and cost savings as the two businesses are integrated and the increased scale will enable us to increase investment in customer experience to drive additional growth and profitability.

The consideration for the acquisition will be a combination of cash and Noni B shares. The cash component will be $65 million, with up to an additional $7.3 million payable in two tranches depending on the revenue of Pretty Girl stores in FY2017 and FY2018. In addition, Noni B will issue 7.72 million shares at $1.25 per share to CPH.

The cash component will be financed through bank debt of $30 million and an accelerated non-renounceable entitlement offer at $1.25 per share to raise $38 million. The offer will be fully underwritten by Alceon Group, which intends to place part of its entitlement with a number of institutional and retail investors, increasing share market liquidity, while retaining a shareholding of just over 50%.

At the entitlement offer price, Noni B will have a market capitalisation of approximately $100 million, materially higher than at present, and we are expecting strong demand for the shares. While debt will increase as a result of the acquisition, it will remain at prudent levels.

Following completion of the acquisition, which is expected to take place in September, Brad Kady, head of investments at Consolidated Press Holdings, will join Noni B's board and further directors are expected to be appointed in the near future to broaden the board's skill base. Scott Evans will be Managing Director of the expanded group.

The documentation for the fund raising includes pro-forma FY2016 earnings for the combined group, normalised for discontinued businesses and including annualised contribution from new stores opened during FY2016. This shows pro-forma FY2016 EBITDA (adjusted)[1] of $21 million.

We have a skilled and experienced executive team, equipped to take advantage of the opportunities that Noni B's expanded business will bring, and I thank them and all our people for their contribution to the Group's turnaround during the past year. I also thank my fellow non-executive directors, Sue Morphet and David Wilshire, for their continuing guidance.

Richard Facioni
Chairman

22 August 2016

1. EBITDA is a non-AAS financial measure, defined for the purposes of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as share based payments and unrealised foreign exchange gains/losses

MANAGING DIRECTOR'S REVIEW

The past year has been one of major changes for Noni B. These have resulted in new confidence throughout the business and a significant improvement in financial performance, including cash generation.

Underpinning the return to profitability has been a total focus on placing the customer at the centre of everything we do.

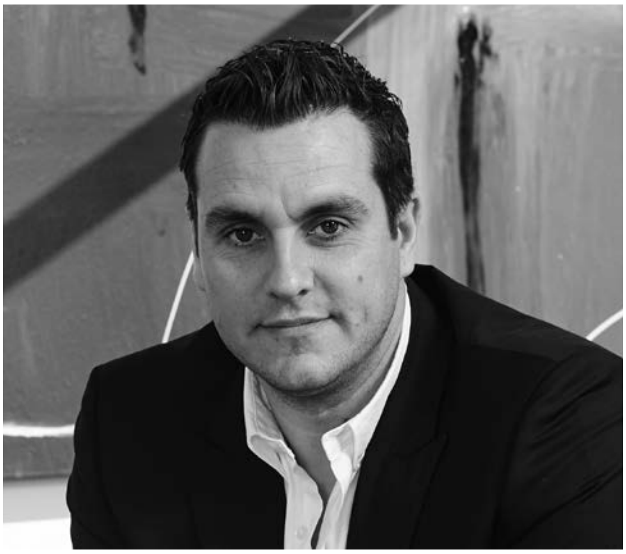
We have developed a 'brand DNA' that aims to enhance our customer's in-store experience. We are spending more time listening to her and learning what she wants. This enables us to offer collections with style, quality and value that appeal to her and to provide a more attractive shopping environment and personalised service that addresses each customer's needs.

Our new store design aims to complement our customer's lifestyle and values, embracing her style, grace and sophistication and achieving an emotional response. This will increase the frequency of loyal customers' visits to a Noni B store and attract new customers. To maintain stores' visual appeal and customer experience, we have appointed a national visual merchandising team to provide regular support.

During the year, we rationalised our store network, closing those that were underperforming and replacing them with stores in new locations and with the new design. Fifteen stores were opened just before Christmas and a further ten were added during the second half, bringing the total at 26 June 2016 to over 220 stores (217 in the Noni B brand).

There was a significant increase in sales through our online store, and a new social and digital media strategy is expected to drive further growth, as well as strengthen customer loyalty.

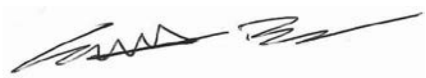
While investment was increased in enhancing our customers' experience, efficiencies throughout the business enabled us to reduce operating costs. Initiatives included the introduction of a direct sourcing model, broadening our range of



suppliers, outsourcing our warehousing, and supply chain improvements to shorten lead times.

We have also invested in a new fully integrated IT system, combining point-of-sale, warehousing, payroll, planning and customer relationship management (CRM) functions. This will lead to substantial efficiencies across the business.

As we look forward to the opportunities in our expanded business following the acquisition of Pretty Girl Fashion Group, I would like to acknowledge the contribution made by our team during the past year. We have a great team, and I thank them for the positive way in which they have embraced the changes we have made.



Scott Evans
Managing Director

22 August 2016

'Our Collective Purpose'

To help women express their love of life.
By embracing the truth that every occasion is
a special occasion, worth feeling fabulous for.

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 on the Consolidated Group (referred to herein as the Group) consisting of Noni B Limited and its controlled entities for the financial year ended 26 June 2016. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 26 June 2016 and is to be read in conjunction with the following information:

GENERAL INFORMATION

DIRECTORS

The following persons were Directors of Noni B Limited during the financial year up to the date of this report:

Scott Evans	Chief Executive Officer and Managing Director
Richard Facioni	Non-Executive Director
David Wilshire	Non-Executive Director
Sue Morphet	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Group 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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS AFTER THE REPORTING PERIOD

On the 3rd of August 2016, Noni B Limited announced that it had entered into a binding agreement to acquire Pretty Girl Fashion Group ("Pretty Girl") from Consolidated Press Holdings Pty Limited ("CPH") for total consideration (on a cash free, debt free basis) comprising:

- $65m in cash;
- $9.7m in shares, through a placement of 7.72 million shares in Noni B Limited to be issued at $1.25 per share; and
- Up to $7.3m in cash over two tranches, depending on the revenue performance of the existing Pretty Girl stores in FY2017 and FY2018.

Other than the matter discussed above and in Note 28 in the annual report, 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.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to the year ended 26 June 2016 is included in the operational and financial highlights section of this report. No additional information is included on the likely developments in the operations of the Group and the expected results of those operations as the Directors reasonably believe that the disclosure of such information would be likely to result in unreasonable prejudice to the economic entity if included in this report, and it has therefore been excluded in accordance with section 299(3) of the *Corporations Act 2001*.

ENVIRONMENTAL ISSUES

The Group's operations are not subject to any significant environmental obligations or regulations.

OPERATING AND FINANCIAL REVIEW

Our Business

The Group operates within the women's fashion retail sector in Australia through a national network of boutique stores under the exclusive brands of Noni B and Liz Jordan. Noni B creates its products which are then manufactured under contract by third party suppliers to the Group's specifications.

Results for FY2016

Noni B's revenue increased by 0.1% to $110.5 million during the year (FY2015: $110.4 million) and achieved a flat like for like growth. First half revenue for the Group increased by 3.7% while the second half revenue decreased by 3.8% linked to the unseasonal weather experienced in the last quarter.

The total gross margin for FY2016 was 68.6% of sales, compared with 61.5% in FY2015.

Expenses

Total expenses, excluding cost of sales, financing costs and impairment decreased by 1.3% compared to last year to $73.3 million (FY2015: $74.3 million) with the Group starting to see the costs of doing business initiatives delivering results. The business opened 25 new stores nationally and closed 11 stores ending on the year with a retail network to over 220 stores (217 in the Noni B brand).

Earnings

The Group reported a profit before income tax and impairment of $3.3 million for FY2016, compared with a tax loss of $5.4 million in FY2015.

Cash

The Group's cash balance at 26 June 2016 was $12.9 million, compared to $8.5 million last year which remains our best cash position over the last 5 years. Cash from operating activities resulted in an inflow of $7.7 million, compared to $5.1 million in FY2015. Cash outflow from investing activities increased to $4 million in comparison to $1.8 million in FY2015 which was predominately due to the investments made in the new stores throughout the year. Cash outflow from financing activities resulted in an inflow of $0.8 million in comparison to an outflow of $0.1 million in FY2015 as proceeds from shares were received in FY2016.

Inventory

The Group's inventory on 26 June 2016 was $11.4 million, 14.9% higher than on 28 June 2015 ($9.9 million).

Outlook

During the year the group optimised its store network by closing underperforming stores and replaced them with stores in new locations. The Noni B brand also launched its new store design receiving positive customer feedback which is expected to support like for like growth in the 2017 fiscal year. Our new social and digital media strategy led to an increase in online sales and is also expected to drive further loyalty and growth.

The Groups continuing focus on cost of doing business efficiencies has allowed Noni B to re-invest into visual merchandising as well as delivering operating cost reductions.

In addition, the investment made in the new IT system will aim to improve operational visibility which will support management in its operational decisions in the coming year.

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. 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. 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), International Cleaning Solutions Group Pty Ltd (Godfreys), 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

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 26 June 2016, and the number of meetings attended by each Director were

	Board Meeting		Audit and risk management committee		Remuneration committee	
	A	B	A	B	A	B
Richard Facioni	12	12	3	3	3	3
David Wilshire	12	11	3	3	3	3
Scott Evans	12	12	–	–	–	–
Sue Morphet	12	12	3	3	3	3

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 Group or an officer of, or otherwise associated directly with a substantial shareholder of the Group (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 Group 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 Group 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 Group's external auditors;
5. whether the Director is a material supplier or customer of the Group 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 Group or another group member other than as a Director of the Group; 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 Group.

REMUNERATION REPORT [AUDITED]

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Group, 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 table of benefits and payments 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 26 June 2016.

Key Management Personnel

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

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

Executive Directors

Scott Evans — Chief Executive Officer and Managing Director

Non-Executive Directors

Richard Facioni — Chairman

David Wilshire

Sue Morphet

Senior Executives

Luke Softa — Chief Financial Officer and Company Secretary

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 26 June 2016.

Remuneration policy – Non-Executive Directors

This section sets out the Group'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 Group'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.

Table of Benefits and Payments for the year ended 26 June 2016

2016	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)]	426,976	150,000	–	20,872	29,178	–	6,944	466,037	1,100,007
Non-executive directors									
Richard Facioni[(a)]	98,550	–	–	–	–	–	–	–	98,550
David Wilshire[(a)]	68,250	–	–	–	–	–	–	–	68,250
Sue Morphet[(a)]	68,250	–	–	–	–	–	–	66,464	134,714
Other key management personnel									
Luke Softa[(a)]	247,626	49,166	–	2,371	29,066	–	4,186	60,278	392,693
Total	909,652	199,166	–	23,243	58,244	–	11,130	592,779	1,794,214

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

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

Scott Evans (4 November 2014 – 26 June 2016)
Richard Facioni (4 November 2014 – 26 June 2016)
David Wilshire (4 November 2014 – 26 June 2016)
Sue Morphet (23 February 2015 – 26 June 2016)
Luke Softa (31 March 2015 – 26 June 2016)
Rhonda Kilpatrick (30 June 2014 – 30 October 2014)
Alan Kindl (30 June 2014 – 12 December 2014)
David Kindl (30 June 2014 – 4 November 2014)
James Kindl (30 June 2014 – 4 November 2014)
Joycelyn Morton (30 June 2014 – 27 February 2015)
Leo Tutt (30 June 2014 – 27 February 2015)
Phillip Fikkers (30 June 2014 – 7 November 2014)
Ann Phillips (30 June 2014 – 31 March 2015)

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.

REMUNERATION REPORT (CONTINUED)

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 26 June 2016 the Group held a total of 17 formal meetings, including committee, Board and shareholder meetings.

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 during the financial year.

Retiring Allowance

No retiring allowances are paid to Non-Executive Directors.

Superannuation

Noni B pays management fees to the related party of the Non-Executive Directors. Therefore no contribution is made to their respective superannuation fund.

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, 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.

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

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 Groupprovided as remuneration to each of the key management personnel of the Company and the Group are set out below.

Offer for 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 Group'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 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 26 June 2015 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	–
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). Due to the buy-back conditions associated with them, the shares will be accounted for post 26 June 2015. The details are as follows:

Share Plan Rights[2]

Date of grant	26 June 2015
Number of rights available	
– Scott Evans	1,568,627
– Sue Morphet	980,392
The assessed fair value at date of grant for each offer was	$0.20
The model inputs for rights over shares granted at 26 June 2014 included:	
a. exercise price	$0.51
b. grant date	26 June 2015
c. expiry date	31 October 2015
d. share price at grant date	$0.70
e. expected volatility of the company's shares	47%
f. expected dividend yield	0%
g. risk free interest rate	2.78%

Performance Share Rights[2]

Date of grant	27 October 2015
Number of rights available	
– Luke Softa	500,000
The assessed fair value at date of grant for each offer was	$0.10
The model inputs for rights over shares granted included:	
a. exercise price	$0.90
b. grant date	27 October 2015
c. expiry date	27 October 2018
d. share price at grant date	$1.00
e. expected volatility of the company's shares	–
f. expected dividend yield	–
g. risk free interest rate	–

2. These rights referred to in the above have been converted to shares during the year

REMUNERATION REPORT (CONTINUED)

Tranche 1 Performance Rights[2] – 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	–
g. risk free interest rate	2.78%

Tranche 2 Performance Rights[2] – 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	–
g. risk free interest rate	2.78%

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

	Fixed Remuneration		Short term incentive		Long term incentive	
Name	2016	2015	2016	2015	2016	2015
Non-executive directors						
Richard Facioni	100%	100%	–	–	–	–
David Wilshire	100%	100%	–	–	–	–
Sue Morphet	51%	10%	–	–	49%	90%
Executive directors						
Scott Evans	44%	43%	14%	24%	42%	33%
Other key management personnel						
Luke Softa	72%	74%	13%	26%	15%	–%

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

Name	2016	2015
Executive directors		
Scott Evans	100%	100%
Other key management personnel		
Luke Softa	100%	100%

2. These rights referred to in the above have been converted to shares during the year

Certain terms of the performance shares issued under the Director and Senior Management Share plan were amended during the year. Specifically, the performance condition relating to Noni B achieving certain sales thresholds will not apply to the performance shares for the fiscal year 2016. All other terms of the performance shares remain unchanged.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Details of these agreements are as follows:

Name	Scott Evans	Luke Softa
Title	Chief Executive Officer	Chief Financial Officer and Company Secretary
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 Group for the five years to 26 June 2016 are summarised below:

Name	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Revenue	110,478	110,412	115,078	124,688	122,739
Profit/(Loss) after income tax	2,210	(4,790)	(7,843)	(3,500)	2,682

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

Name	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Share price at financial year end ($)	1.00	0.66	0.47	0.60	0.67
Basic earnings per share (cents per share)	6.1	(14.9)	(24.4)	(10.9)	8.4
Total dividends (cents)	–	–	1.5	6	2.5

Options held by directors and key management personnel

There are no options outstanding at end of the financial year ended 26 June 2016 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 2015	Share purchase ordinary	Shares acquired under performance rights plan ordinary	Balance at 28 June 2016
Non-Executive Directors				
Richard Facioni	–	–	–	–
David Wilshire	–	–	–	–
Sue Morphet	–	980,392	980,392	1,960,784
Executives				
Scott Evans	–	829,590	3,333,585	4,163,175
Luke Softa	–	–	500,000	500,000
	–	1,809,982	4,813,977	6,623,959

This concludes the remuneration report which has been audited.

REMUNERATION REPORT (CONTINUED)

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS
The Group has indemnified the Directors and Executives of the Group for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR
The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

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

PROCEEDINGS ON BEHALF OF THE COMPANY
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

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 7 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 reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for 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 Group, acting as advocate for the Group 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 13 of this report as required under section 307C of the Corporations Act 2001.

ROUNDING OFF OF AMOUNTS
The Group 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

22 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF NONI B LIMITED

As lead auditor of Noni B Limited for the year ended 26 June 2016, 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.

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 22 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 26 JUNE 2016

	Note	Consolidated Group 2016 $'000	2015 $'000
Continuing Operations			
Revenue	3	107,463	107,869
Other income	3	3,015	2,543
Cost of goods sold		(33,787)	(41,480)
Expenses (excluding finance costs)	4	(73,348)	(74,332)
Finance costs	4	(5)	(17)
Profit/(loss) before income tax and impairment from continuing operations		3,338	(5,417)
Tax expense/(benefit)	5	(1,128)	1,054
Net profit/(loss) after income tax and before impairment from continuing operations		2,210	(4,363)
Impairment of goodwill		–	(427)
Net profit/(loss) for the year		2,210	(4,790)
Other comprehensive income, net of tax		–	–
Total comprehensive income attributable to members of the parent entity		2,210	(4,790)
Earnings per share			
From continuining operations:			
Basic earnings per share (cents)	9	6.1	(14.9)
Diluted earnings per share (cents)	9	6.1	(14.9)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 26 JUNE 2016

	Note	Consolidated Group 2016 $'000	2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	12,919	8,493
Trade and other receivables	11	1,506	389
Inventories	12	11,419	9,939
Income tax receivable	13	327	95
TOTAL CURRENT ASSETS		26,171	18,916
NON-CURRENT ASSETS			
Property, plant and equipment	15	6,416	5,059
Intangible assets	16	494	–
Deferred tax assets	5	3,737	4,886
Other assets	13	153	185
TOTAL NON-CURRENT ASSETS		10,800	10,130
TOTAL ASSETS		36,971	29,046
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	17,712	14,667
Borrowings	18	33	116
Provisions	19	4,219	4,479
Derivative financial instruments	20	314	–
TOTAL CURRENT LIABILITIES		22,278	19,262
NON-CURRENT LIABILITIES			
Trade and other payables	17	2,099	440
Borrowings	18	–	93
Provisions	19	600	803
Deferred tax liabilities	5	44	66
TOTAL NON-CURRENT LIABILITIES		2,743	1,402
TOTAL LIABILITIES		25,021	20,664
NET ASSETS		11,950	8,382
EQUITY			
Issued capital	21	21,710	20,754
Reserves		1,144	742
Accumulated losses		(10,904)	(13,114)
TOTAL EQUITY		11,950	8,382

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 26 JUNE 2016

Consolidated Group	Note	Issued capital $'000	(Accumulated Losses) $'000	Equity Reserve $'000	Total $'000
Balance at 29 June 2014		**20,754**	**(8,324)**	**271**	**12,701**
Loss 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 and other transfers:					
Share based payments	27	–	–	471	471
Balance at 28 June 2015	21	**20,754**	**(13,114)**	**742**	**8,382**
Profit for the year		–	2,210	–	2,210
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	2,210	–	2,210
Transactions with owners in their capacity as owners and other transfers:					
Shares issued during the year	21	956	–	–	956
Share based payments	27	–	–	402	402
Balance at 26 June 2016	21	**21,710**	**(10,904)**	**1,144**	**11,950**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 26 JUNE 2016

	Note	Consolidated Group 2016 $'000	Consolidated Group 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		124,735	124,017
Payments to suppliers and employees (inclusive of GST)		(117,174)	(119,575)
Interest received		115	91
Finance costs		(5)	(17)
Income taxes refund		–	618
Net cash provided by operating activities	26	7,671	5,134
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		110	13
Purchase of property, plant and equipment		(3,632)	(317)
Purchase of intangible assets		(502)	–
Purchase of brand names and trademarks		–	(1,536)
Net cash used in investing activities		(4,024)	(1,840)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		956	–
Payments on finance lease and other liabilities		(177)	(114)
Net cash provided by/(used in) financing activities		779	(114)
Net increase in cash held		4,426	3,180
Cash and cash equivalents at the beginning of the financial year		8,493	5,313
Cash and cash equivalents at the end of the financial year	10	12,919	8,493

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Noni B Limited and Controlled Entities (the "Consolidated Group" or "Group").

The separate financial statements of the Group, Noni B Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. The financial statements were authorised for issue on 22/08/2016 by the Directors of the Company.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented for the year ended 26 June 2016. The comparative reporting period ended at 28 June 2015.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Noni B Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;

ii. any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii. the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d) 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.

(e) Property, Plant and Equipment

Property, Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the 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%.

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

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

(f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments

i. *Financial assets at fair value through profit or loss*

   Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

ii. *Loans and receivables*

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised

iii. *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised

(h) Derivative instruments

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities, or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(i) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit obligations

Defined contribution superannuation benefits

Employees of the Group receive defined contribution superannuation entitlements for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: P*rovisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the equity reserve. The fair value is determined using the Black-Scholes pricing model. The number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest

(l) 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.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(o) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

i. Retail sales 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, trade discounts and commission paid.

ii. Lay-by revenue is recognised upon receiving final payment from the customer.

iii. Revenue from the sale of gift cards is recognised upon redemption of the gift card, or when the card is no longer expected to be redeemed, based on analysis of historical non-redemption rates.

iv. The Group operates a customer loyalty scheme which provides 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 Group allocates a portion of sales revenue to the liability for customer loyalty based on the historical redemption rate. The deferred portion is recognised as revenue only after all the rebate obligations have been fulfilled.

v. Interest revenue is recognised when it is earned.

All revenue is stated net of the amount of goods and services tax.

(p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

(q) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. For purchases of inventory, amounts are usually paid between 30 and 90 days of receipt of inventory in accordance with supplier contracts.

(r) Borrowings

Borrowing costs directly attributable to the acquisition or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) 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.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements have been rounded off to the nearest $1,000.

(w) Critical Accounting Estimates and Judgments

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

i. Customer loyalty

The Group operates a loyalty program where customers accumulate points for purchases made which entitles them to discounts on future purchases. This is recognised as a customer loyalty provision and is based on (i) loyalty events and (ii) an estimate of the loyalty redemption by the loyalty customers. The estimate considers historical experience and other factors relevant to customer spending.

ii. Share-based payments

The Group 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.

iii. 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.

iv. 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.

v. Estimation of useful lives of assets

The Group 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

vi. Recovery of deferred tax assets

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

(x) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the Group elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the Directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting

Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest. The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	Consolidated Group	
	2016 $'000	2015 $'000
Statement of Financial Position		
ASSETS		
Current assets	26,171	18,916
– Non-current assets	10,800	10,130
TOTAL ASSETS	36,971	29,046
LIABILITIES		
Current liabilities	22,278	19,262
– Non-current liabilities	2,743	1,402
TOTAL LIABILITIES	25,021	20,664
EQUITY		
Issued capital	21,710	20,754
Reserves	1,144	742
Accumulated losses	(10,904)	(13,114)
TOTAL EQUITY	11,950	8,382
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	2,210	(4,790)
Total comprehensive income/(loss)	2,210	(4,790)

Contingent liabilities

The parent entity had no contingent liabilities as at 26 June 2016 and 28 June 2015.

Contractual commitments

The parent entity had no contractual commitments for as at 26 June 2016 and 28 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, 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.

NOTE 3. REVENUE AND OTHER INCOME

	Consolidated Group 2016 $'000	2015 $'000
Revenue from continuing operations		
Sales revenue:		
Sales of goods	107,463	107,869
Other income:		
Interest	115	91
Jewellery commission	2,581	2,240
Other revenue	319	212
Total other income	3,015	2,543

NOTE 4. PROFIT/(LOSS) FOR THE YEAR

	Consolidated Group 2016 $'000	2015 $'000
a) Expenses (excluding finance costs)		
Marketing and selling expenses	34,677	32,961
Occupancy expenses	28,589	30,239
Administrative expenses	9,544	10,956
Unrealised loss on derivative financial liability	314	–
Other expenses	224	176
Total expenses (excluding finance costs)	73,348	74,332
b) Profit/(Loss) before income tax from continuing operations includes the following specific expenses:		
Expenses		
Finance costs comprising interest attributed to:		
– assets under finance leases	5	17
Total finance costs	5	17
Depreciation of property, plant and equipment	2,205	2,273
Amortisation of property, plant and equipment	49	125
Write-off of obsolete stock	186	531
Write-down of inventories to net realisable value	904	374
Impairment of goodwill	–	427
Impairment of property plant and equipment	(110)	40
Net expenses resulting in deductions from the carrying amounts of assets	3,234	3,770
Operating lease rental expenses	24,609	25,962
Employee benefits expense	29,583	27,535
Share based payments	402	471
Superannuation expense	2,670	2,704
Net foreign exchange gain	171	17

NOTE 5. TAX EXPENSE

Major components of income tax benefit

	Consolidated Group 2016 $'000	2015 $'000
Deferred tax	1,128	(1,054)
Income tax benefit	1,128	(1,054)
Reconciliation between income tax benefit and prima facie tax on accounting loss		
Accounting (loss)	3,338	(5,844)
Tax at 30% (2015-30%)	1,001	(1,753)
Tax effect on non-deductible expenses/(non-assessable items)		
Impairment of goodwill	–	128
Share based expenses/write-backs	120	107
Movement in equity reserve	–	34
Project costs (blackhole expenditure)	–	430
Over provisions	7	–
Income tax benefit	1,128	(1,054)
Tax Liabilities/(Assets)		
Current tax liabilities/(assets)	–	–
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	1,249	1,452
Lessors fit out contribution	875	261
Accruals	385	193
Provision for shrinkage/obsolescence/absorption costs	570	514
Depreciation timing differences	454	534
Foreign currency balances	78	–
Provision for customer loyalty	126	126
Future tax benefit of tax losses	–	1,800
Other	–	6
Total deferred tax assets	3,737	4,886
Analysis of deferred tax liabilities:		
Other	44	66
Total deferred tax liabilities	44	66

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 26 June 2016.

The totals of remuneration paid to the KMP of the Group during the year are as follows:

	Consolidated Group	
	2016 $'000	2015 $'000
Short-term employee benefits	1,132,061	1,675,333
Post-Employment benefits	58,244	211,947
Other long term benefits	11,130	(7,568)
Share based payments	592,779	528,944
Total KMP compensation	1,794,214	2,408,656

Short-term employee benefits

These amounts include fees and benefits paid as well all salary, paid leave benefits, fringe benefits and cash bonuses.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' report.

NOTE 7. AUDITORS' REMUNERATION

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

	Consolidated Group	
	2016 $'000	2015 $'000
Remuneration of the auditor of the parent entity for:		
– Audit and review of the financial reports	145,900	135,450
– Tax compliance services	16,088	25,865
Total auditor remuneration	161,988	161,315

NOTE 8. DIVIDENDS PAID

	Consolidated Group	
	2016 $'000	2015 $'000
a. There have been no dividends declared or paid in the current period.		
b. Balance of franking account at year-end adjusted for franking credits arising from:		
– payment of provision for income tax		
– dividends recognised as receivables and franking debits arising from payment of proposed dividends		
Franking account balance	5,966	5,966

NOTE 9. EARNINGS PER SHARE

	Consolidated Group 2016 $'000	2015 $'000
Earnings per share for profit		
Profit after income tax	2,210	(4,790)
Profit after income tax attributable to the owners of Noni B Limited	2,210	(4,790)
	Number '000	Number '000
Weighted average number of ordinary shares used in calculating		
– basic earnings per share	35,981	32,090
– diluted earnings per share	35,981	32,090
Basic earnings per share (cents per share)	6.1	(14.9)
Diluted earnings per share (cents per share)	6.1	(14.9)

NOTE 10. CASH AND CASH EQUIVALENTS

	Consolidated Group 2016 $'000	2015 $'000
Cash at bank and on hand	12,919	8,493
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	12,919	8,493

NOTE 11. TRADE AND OTHER RECEIVABLES

	Consolidated Group 2016 $'000	2015 $'000
CURRENT		
Sundry debtors	1,506	389
	1,506	389

Receivables are non-interest bearing and are generally on 30 to 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 Group has made no provision. During the year, no bad debt expense was recognised.

NOTE 12. INVENTORIES

	Consolidated Group 2016 $'000	2015 $'000
CURRENT		
Finished goods at cost	12,277	10,631
Provision for obsolescence and shrinkage	(858)	(692)
Total inventories	11,419	9,939

NOTE 13. OTHER ASSETS

	Consolidated Group 2016 $'000	2015 $'000
CURRENT		
Prepayments	327	95
NON-CURRENT		
Prepayments	153	185

NOTE 14. INTERESTS IN SUBSIDIARIES

Information about the Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

		Ownership Interest Held by the Group	
	Incorporation	2016	2015
Name of Subsidiary			
Hapago Pty Ltd	Australia	100%	100%
Stellvine Pty Ltd	Australia	100%	100%
La Voca Pty Ltd	Australia	100%	100%
Bostide Pty Ltd	Australia	100%	–

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016 $'000	2015 $'000
a) Plant and Equipment		
Plant and equipment:	27,918	26,438
At cost	(21,513)	(21,485)
Accumulated depreciation	6,405	4,953
Plant and equipment leased pursuant to hire purchase:		
At cost	92	375
Accumulated depreciation	(81)	(269)
	11	106
Total property, plant and equipment	6,416	5,059

	Plant and Equipment	Leased Plant and Equipment	Total $'000
(b) Movements in carrying amounts			
Consolidated Group:			
Balance at 29 June 2014	7,124	245	7,369
Additions	304	–	304
Disposals	(162)	(14)	(176)
Recoverable amount write-down	(40)	–	(40)
Depreciation expense	(2,273)	–	(2,273)
Amortisation expense	–	(125)	(125)
Balance at 28 June 2015	4,953	106	5,059
Additions	3,695	–	3,695
Disposals	(36)	(46)	(82)
Depreciation expense	(2,207)	(49)	(2,256)
Balance at 26 June 2016	6,405	11	6,416

NOTE 16. INTANGIBLE ASSETS

	Consolidated Group	
	2016 $'000	2015 $'000
Goodwill:		
Cost	5,892	5,892
Amortisation charge and impairment losses	(5,892)	(5,892)
Net carrying value	–	–
Computer software:		
Additions	502	–
Amortisation charge	(8)	–
Net carrying value	494	–
Total intangibles	494	–

Definite life intangible assets are accounted for at cost. Intangible assets are amortised on a straight line basis over the useful lives and tested for impairment when there is indication of impairment. Useful life details for these assets are as follows:

Computer software 5 years

NOTE 17. TRADE AND OTHER PAYABLES

	Consolidated Group 2016 $'000	2015 $'000
CURRENT		
Trade payable	12,978	11,268
Sundry payables and accrued expenses	3,915	2,968
Deferred lease incentives	819	431
	17,712	14,667
NON-CURRENT		
Deferred lease incentives	2,099	440
	2,099	440

NOTE 18. BORROWINGS

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

	Consolidated Group 2016 $'000	2015 $'000
CURRENT		
Secured liabilities:		
Lease liability	33	116
Total current borrowings	33	116
NON-CURRENT		
Secured liabilities:		
Lease liability	–	93
Total non-current borrowings	–	93

NOTE 19. PROVISIONS

	Consolidated Group 2016 $'000	2015 $'000
Current		
Employee benefits	3,562	4,036
Other provisions	657	443
Total current provisions	4,219	4,479
Non-current		
Employee benefits	600	803
Total non-current provisions	600	803

Movements in provisions during the current financial year, other than employee benefits, are set out below:

	Lease make good	Bonus
Carrying amount at the start of the year	30	413
Additional provisions recognised	40	617
Amounts used	(30)	(413)
Unused amounts reversed	–	–
Carrying amount at the end of the year	40	617

Employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement (estimated to be settled is $1,437,000).

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 19. PROVISIONS (CONTINUED)

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(k).

Other provisions include:

Lease make good

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

Bonus

The provision represents the estimated amount to be paid to team members based on the FY2016 performance.

NOTE 20. DERIVATIVES

	Consolidated Group	
	2016 $'000	2015 $'000
Forward exchange forward contracts	314	–
	314	–

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 – Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances which is based on mark to market data provided by the bank.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	26 June 2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Derivatives held for hedging:				
– Forward exchange forward contracts	–	314	–	314
Total liabilities recognised at fair value	–	314	–	314

NOTE 21. ISSUED CAPITAL

	Consolidated Group 2016 $'000	2015 $'000
Ordinary shares	21,710	20,754

	No.	No.
At the beginning of the reporting period	32,090,136	32,090,136
Shares issued during the year[(1)]	6,990,904	–
At the end of the reporting period	39,081,040	32,090,136

(1) A total of 6,990,904 shares were issued in relation to the Investment (1,764,705), Plan (2,549,019), Performance (2,614,958) and Bonus (62,222) shares. This includes shares issued under limited recourse loans issued to Directors and Senior Management.

(2) 150,000 shares were issued to Senior Management however they were cancelled by the Company during the year.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group 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.

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 Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets

The Group is not subject to any externally imposed capital requirements

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

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratios for the years ended 26 June 2016 and 28 June 2015 are as follows:

	Note	Consolidated Group 2016 $'000	2015 $'000
Total debt	18	33	209
Total equity		11,950	8,382
Total capital		11,983	8,591
Gearing ratio		0.3%	2.4%

NOTE 22. CAPITAL AND LEASING COMMITMENTS

	Consolidated Group 2016 $'000	2015 $'000
(a) Finance Lease Commitments		
Payable – minimum lease payments		
– no later than 12 months	34	124
– between 12 months and 5 years	–	96
Minimum lease payments	34	220
Less future finance charges	(1)	(11)
Present value of minimum lease payments	33	209
Commercial hire purchase on motor vehicles are generally over a three year period with a residual of 30-40% on completion.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments		
– no later than 12 months	19,940	16,568
– between 12 months and 5 years	15,914	20,658
– later than 5 years	91	102
	35,945	37,328

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.

NOTE 23. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group did not have any bank guarantees and facilities in place for the year ended 26 June 2016. The guarantees reported in the previous financial year were held by lessors as security against non-performance in relation to store leases.

	Consolidated Group 2016 $'000	2015 $'000
Bank guarantees – limit	–	35
Current exposure	–	35

NOTE 24. OPERATING SEGMENTS

The Group operates wholly within one geographic region (Australia) and is organised into one operating segment, being fashion retail. The operating segment is based on the internal reports that are reviewed and used by the Chief Operating Decision Makers (CODM) in assessing the performance and in determining the allocation of resources.

The CODM assess the performance of the operating segment based on a measure of Earnings Before Interest, Taxation, Depreciation and Amortisation. The accounting policies on the operating segments are consistent with those adopted in the financial statements and is reported to the CODM on a monthly basis. Due to the nature of the business there is no revenue that is significant from any particular customer.

NOTE 25. CREDIT STANDBY ARRANGEMENT AND LOAN FACILITIES

The Group has access to the following credit facilities:

	Consolidated Group 2016 $'000	Consolidated Group 2015 $'000
Amount of credit facilities available		
Business Card	30	30
Market Rate Facility	2,000	2,000
Bank Guarantees	–	35
Total	2,030	2,065
Amount of credit facilities unused		
Business Card	30	30
Market Rate Facility	2,000	2,000
Bank Guarantees	–	–
Total	2,030	2,030

NOTE 26. CASH FLOW INFORMATION

	Consolidated Group 2016 $'000	Consolidated Group 2015 $'000
Reconciliation of Cash Flows from Operating Activities with Profit after income tax		
Profit (loss) after income tax	2,210	(4,790)
Non-cash flows in profit:		
– depreciation	2,205	2,273
– amortisation	57	125
– write-off of obsolete stock	622	751
– write-off of capitalised expenditure	20	215
– impairment loss	–	427
– net gain on disposal of property, plant and equipment	(83)	(13)
– unrealised loss on investments and derivatives	314	–
– share based payments	402	471
Change in assets and liabilities:		
– (increase)/decrease in trade and other receivables	(1,317)	368
– (increase)/decrease in inventories	(2,129)	2,192
– decrease/(Increase) in deferred tax assets	1,150	(1,034)
– decrease in deferred tax liabilities	(22)	(20)
– increase in trade and other payables	4,705	3,361
– decrease in income tax liability	–	–
– (increase)/decrease in tax receivable	–	617
– (decrease)/increase in provisions	(463)	191
Net cash flow from operating activities	7,671	5,134

NOTE 27. SHARE BASED PAYMENTS

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 26 June 2016 were as follows:

Performance Share Rights

Date of grant	27 October 2015
Number of rights available	850,000
The assessed fair value at date of grant for each offer was	$0.10
The model inputs for rights over shares grants included:	
a. exercise price	$0.90
b. grant date	27 October 2015
c. expiry date	27 October 2018
d. share price at grant date	$1.00
e. expected volatility of the Company's shares	–
f. expected dividend yield	–
g. risk free interest rate	–

Investment Shares dated 26 June 2016

Service conditions only apply to these offers as follows:

Investment Shares

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	$0.20
The model inputs for rights over shares granted at 26 June 2015 included:	
a. exercise price	$0.51
b. grant date	26 June 2015
c. expiry date	31 October 2015
d. share price at grant date	$0.70
e. expected volatility of the Company's shares	47%
f. expected dividend yield	–
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 $401,390 (2015: $470,786)

NOTE 28. EVENTS AFTER THE REPORTING DATE

Pretty Girl Fashion Group Acquisition

On the 3rd of August 2016, Noni B Limited announced that it had entered into a binding agreement to acquire Pretty Girl Fashion Group ("Pretty Girl") from Consolidated Press Holdings Pty Limited ("CPH") for total consideration (on a cash free, debt free basis) comprising:

- $65m in cash;
- $9.7m in shares, through a placement of 7.72 million shares in Noni B Limited to be issued at $1.25 per share; and
- Up to $7.3m in cash over two tranches, depending on the revenue performance of the existing Pretty Girl stores in FY2017 and FY2018.

Director and Senior Management Share Plan

Certain terms of the Performance Shares previously issued to Noni B Group management under the Director and Senior Management Share Plan ("**Share Plan**") have been amended. Specifically, the performance condition relating to Noni B Group achieving certain revenue thresholds will not apply to the Performance Shares for the fiscal year 2016.

Subject to the Transaction closing, Noni B Group proposes to make the following further amendments to the Company's Buy-Back rights relating to Performance Shares that have previously been issued under the Share Plan:

- 882,479 Performance Shares previously issued to Scott Evans under the Share Plan will be treated as vesting by waiving the Buy-Back right relating to those shares. The shares will remain subject to good leaver and bad leaver buy-back provisions and will rank equally with existing ordinary shares in Noni B Group.
- A second tranche of 882,479 Performance Shares previously issued to Scott Evans under the Share Plan will have their Performance Conditions amended such that the shares will be treated as vesting if the future share price of Noni B is in the range of $1.75 to $2.50 per share.

  The Board of Noni B Group believes this amendment will better align Scott's incentives to those of shareholders.

  The same amendments will be made to the two tranches of Performance Shares which have been issued to Noni B Group management under the Share Plan.

  Once the detailed parameters in relation to the Performance Conditions are finalised, Noni B Group will provide a further update to the market.

  Subject to the Transaction closing, Noni B Group also proposes to issue the following securities to Richard Facioni and Luke Softa under the Share Plan:

- Luke Softa will be issued with 250,000 Performance Shares with the share price based Performance Conditions outlined above and a limited recourse loan will be provided to Mr Softa under the terms of the Share Plan.
- Richard Facioni will be issued with 1,800,000 fully paid ordinary shares under the Share Plan ("Facioni Plan Shares"), subject to shareholder approval. The consideration for the Facioni Plan Shares will be:
  - 1,200,000 shares at $1.25 per share;
  - 300,000 shares at $1.50 per share; and
  - 300,000 shares at $1.75 per share,

  and a limited recourse loan will be provided to Mr Facioni under the terms of the Share Plan.

  The Facioni Plan Shares will be subject to good leaver and bad leaver buy-back provisions and will rank equally with existing ordinary shares in Noni B Group.

The proposed grant of shares to Mr Facioni requires the approval of shareholders and the issue of these shares is conditional on obtaining such approval. It is currently proposed that a resolution to approve this issue of shares be put to shareholders at the 2016 Annual General Meeting.

The issue of securities is to assist in the reward, retention and motivation of Noni B Group's directors and senior management and align their interests with the performance of Noni B Group.

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 29. RELATED PARTY TRANSACTIONS

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Group 2016 $'000	2015 $'000
Directors		
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

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

NOTE 30. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk, and interest rate risk.

The Boards overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit Risk

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

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments which have been entered into. Current trade account receivables are non-interest bearing loans and are generally on 45 day terms.

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

(b) Market Risk

Foreign Exchange risk

The Group 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.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year.

The contracts are timed to mature when payments for certain shipments of inventory are scheduled to be made. The fair value of forward exchange contracts is determined using forward exchange market rates at reporting date.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell AUD dollars 2016 $'000	Average exchange rate 2016
Buy US dollars		
Maturity:		
Less than 1 year	6,469	0.7041

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. When the cash flow occurs, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount from other comprehensive income.

Price risk

The Group is not exposed to any significant price risk.

Interest Rate Risk

The majority of the Group'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 Group has no bank borrowings therefore there is no exposure (2015: nil) for any increase/decrease in market interest rate.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows.

At the end of the reporting date the Group had a total of $2m in unused borrowing facilities.

The tables below reflects the Groups 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 Group	
	2016	2015
	$'000	$'000
Maturity < 1 month	6,599	6,464
Maturity 1 – 3 months	10,301	7,848
Maturity 3 – 12 months	28	48
Maturity > 1 year	–	96
	16,928	14,456

Net Fair Values

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

The fair value of the financial assets and liabilities is based on market prices (where a market exists) or using other widely accepted methods of valuation. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – the fair value is calculated using the quoted price in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market date.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Noni B Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 39, are in accordance with the Corporations Act 2001 and:
   a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   b) give a true and fair view of the financial position as at 26 June 2016 and of the performance for the year ended on that date of the Consolidated Group;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Richard Falcioni
Chairman

22 August 2016

Scott Evans
Managing Director

22 August 2016

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Level 11, 1 Margaret St
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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 26 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Noni B Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 26 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 26 June 2016. 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 26 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 22 August 2016

ADDITIONAL INFORMATION

Details of shareholders and shareholdings

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

Distribution of ordinary shareholding

Size of Holding	Ordinary Shares
1 – 1,000	88
1,001 – 5,000	94
5,000 – 10,000	27
10,000 – 100,000	39
100,001 and over	20
Total Number of Shares	268

There were 54 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 2 August 2016:

	Ordinary Shares	
Holder name	Number Held	% of total shares issued
Alceon Group Pty Ltd	14,818,231	37.92
Alceon Group Pty Ltd	10,052,084	25.72
Mr. Scott Graham Evans	3,378,862	8.65
VBS Exchange Pty Ltd	3,094,621	7.92
Fitzroy Super Pty Ltd	1,960,784	5.02
Mrs. Simone Robyn Evans	784,313	2.01
HSBC Custody Nominees	639,451	1.64
Mr. Luke Anthony Softa	500,000	1.28
Redmond Gary Pty Limited	260,000	0.67
Mr. Stephen Thomas Gosney	216,945	0.56
Cameron Williams Pty Ltd	200,000	0.51
Barbara Prussner Superfund	200,000	0.51
LHC Capital Partners Pty Ltd	170,000	0.43
Mrs. Natalie Michelle Lenton	150,000	0.38
Locope Pty Ltd	150,000	0.38
Mr. David Teoh	135,629	0.35
Mr. Michael Edward Taylor	125,000	0.32
The Mervyn Cohen Superfund	123,000	0.31
Mr. Alan Alec Kindl	121,300	0.31
Baggy Red Pty Ltd	111,000	0.28
Total	**37,191,220**	**95.17**

CORPORATE DIRECTORY

DIRECTORS
Richard Facioni
Scott Evans
David Wilshire
Sue Morphet

COMPANY SECRETARY
Luke Softa

NOTICE OF ANNUAL GENERAL MEETING
The Annual General Meeting will be held at:
Location: TBA
Date: Friday 18th November 2016
Time: TBA

REGISTERED OFFICE
Noni B Limited
10 Garling Road
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SHARE REGISTRY
Computershare Registry Services Pty Limited
Level 5, 115 Grenfell Street
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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=1900026

‘Our Collective Purpose’

To help women express their love of life.

By embracing the truth that every occasion is a special occasion, worth feeling fabulous for.

‘Our Values’

VITALITY – the more vital you are, the more you get back from life

FOREVER – whether it’s the quality of our garments, the styles we produce, or the values we aspire to, we see them all enduring

GRACE – You’re comfortable in your own skin

MAKE AN EFFORT – Go above and beyond

KNOW MORE – We should embrace every opportunity to learn more, talk more and share more

DO THE RIGHT THING – Be honest with each other and with our customers

CREATE COMMUNITY – Use your best asset, your smile

SHOW KINDNESS – When we are kind to our colleagues and to our customers, it’s infectious.

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