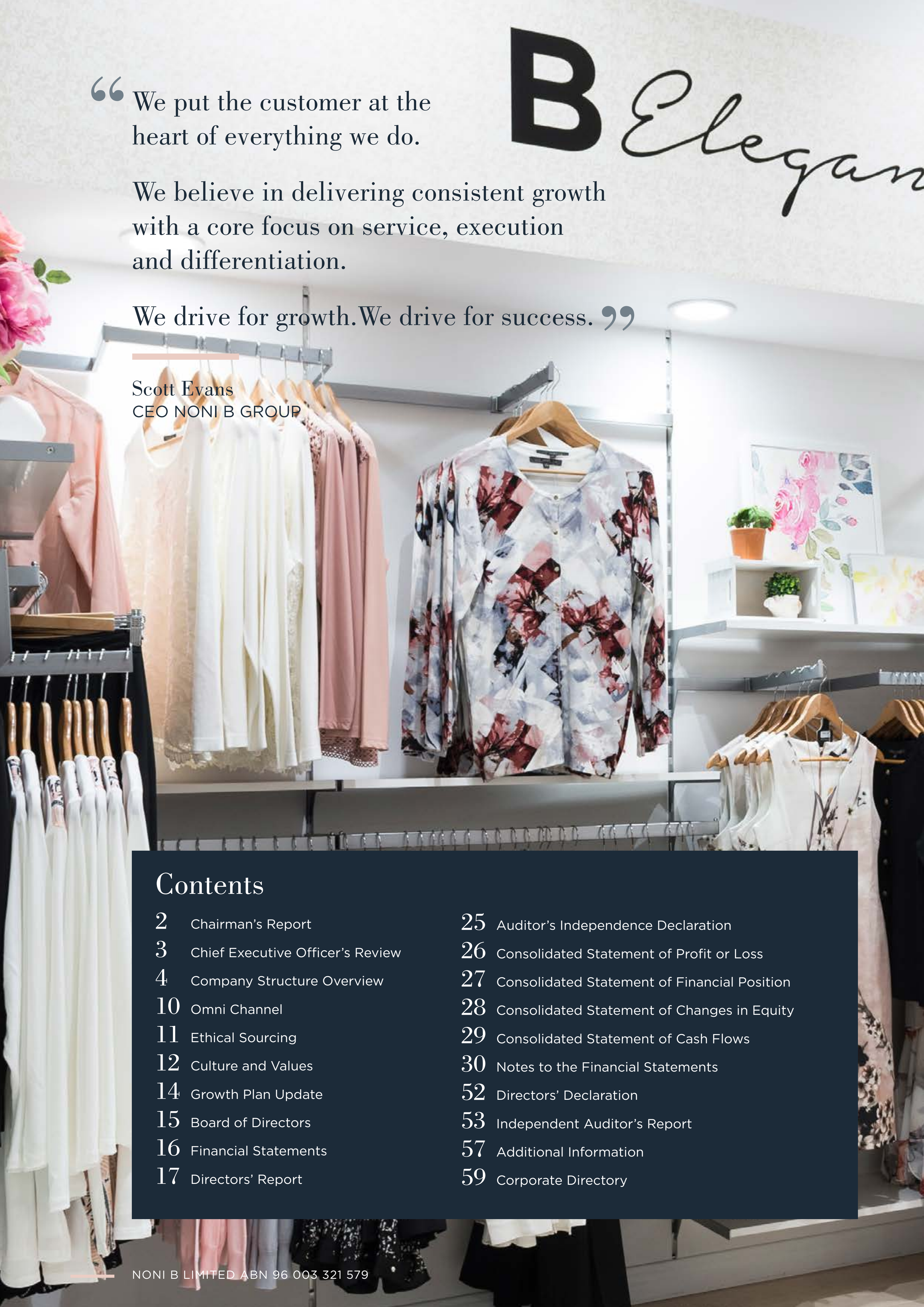
NONI B GROUP

ANNUAL REPORT

2017

"TRANSFORMING CUSTOMER EXPERIENCE"



> “We put the customer at the heart of everything we do.
>
> We believe in delivering consistent growth with a core focus on service, execution and differentiation.
>
> We drive for growth. We drive for success.”

Scott Evans
CEO NONI B GROUP

Contents

Noni B Group has grown to be the third largest specialty fashion retailer group in Australia.

Our brands include Noni B, Rockmans, W-Lane, and beme, and we span the country with over 600 stores nationally.

Our collective purpose is to help women express their love of life – by embracing the truth that every occasion is a special occasion, worth feeling fabulous for.

CHAIRMAN'S REPORT

The year to 2 July 2017 was a transformative year for Noni B Group, following the acquisition of Pretty Girl Fashion Group in September 2016. As a result, Noni B Group has now grown to become one of the largest speciality apparel retailers in Australia.

I am pleased to report that the integration of the two businesses has been successfully completed and the financial benefits of the acquisition are expected to be fully reflected in the 2018 financial results.

Group revenue for the full year ending 2 July 2017 increased by 187% to $316.8 million, which included a 10-month contribution from Pretty Girl. These figures reflect a 53-week year, with the inclusion of a 53rd week required to realign Noni B Group's calendar. Pleasingly, like-for-like sales across the Group grew by 2.4%.

Underlying earnings before interest, tax, depreciation and amortisation ("EBITDA")[1] for the year was $22.9 million. On a normalised basis (that is, to remove the effects of the 53rd week), underlying EBITDA was $21.7 million.

At the time of the Pretty Girl acquisition, Noni B issued earnings guidance of $20.9 million underlying EBITDA and I'm pleased to report that both reported and normalised underlying EBITDA exceeded this figure.

Statutory after-tax profit was $3.3 million for the full year, reflecting the after-tax impact of one-off transaction and restructuring costs. This result compares with an after-tax profit of $2.2 million for FY2016, being the standalone operations of Noni B.

Operating cash flow was $33.4 million, compared with $7.7 million in FY2016, and at 2 July 2017 the Group had total gross debt of $23.0 million and total cash-on-hand of $28.2 million.

As a result of the significant improvement in Noni B Group's underlying profitability, I am pleased to report that the Group has resumed the payment of dividends, with a final, fully-franked dividend of 4.0 cents per share declared subsequent to the financial year.

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It's worth highlighting that the 2017 Financial Year results reflect not only the successful acquisition and integration of Pretty Girl, but also the continued material improvement in the Noni B brand.

In November 2014, when Alceon Group acquired a controlling interest in Noni B, the strategy was to restore Noni B to sustainable profitability by growing sales, improving gross margin and reducing cost of doing business.

Management has successfully delivered on this original strategy, notwithstanding the significant additional commitment of acquiring and integrating the Pretty Girl business this past year. The Noni B brand achieved a materially improved result for the year, with like-for-like sales growth of 2.2% and continued substantial improvement in gross margin. We're very proud of this turnaround and are excited about the prospects of the expanded Noni B Group.

Looking forward, we enter the 2018 financial year with a very strong retail platform from which to drive continued improvement in the top line and to realise additional benefits from the scale of the combined businesses. Whilst the results for the current financial year will be impacted by key trading periods, particularly Christmas and Mothers' Day, our current expectations are that the Group will generate a substantially higher financial result in 2018. Specifically, we expect the cost savings previously identified from the integration of Pretty Girl to be fully realised in the 2018 Financial Year and to be reflected in underlying earnings, together with the benefits of the group sourcing strategy.

Noni B Group has a highly-committed and experienced executive team that will continue to strive to make the Group a highly successful retail business. In an increasingly competitive market, management will continue to focus on delivering sustainable sales growth by placing the customer at the heart of everything we do, looking at ways to improve the Group's in-store experience and investing in and delivering a seamless online offering.

I thank Scott and the entire Noni B Group team for an outstanding effort over the past year and for their continued commitment. The board and I are confident their ongoing dedication and efforts will ensure the future success of the Group. I also thank my fellow non-executive directors, Sue Morphet and David Wilshire, for their ongoing guidance.

Richard Facioni
Chairman
28 August 2017

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 financial year ended 2 July 2017 was one of transformation for the Noni B Group, with the significant acquisition and integration of the Pretty Girl Fashion Group completed successfully and ahead of schedule. At the same time, we continued to drive material operational and financial improvements in the Noni B brand, as seen over the past 2½ years.

Importantly, the teams maintained their focus on putting the customer at the heart of everything we do. This resulted in the Group achieving comparable store growth, strong cashflows and EBITDA ahead of guidance.

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Pleasingly, the synergies outlined at the half year were all completed in the 2017 financial year. This, therefore, ensures that our full focus in FY18 will be on further improving our customer insights, product styling and quality, along with meeting our customer service pledge, in order to deliver our FY18 targets.

Specifically, we have successfully relocated and restructured the combined teams.

In order to allow for growth and improve speed to market, we redesigned the entire logistics process, moving to direct-to-store shipping; transitioned to a 3PL warehousing solution; and also introduced a group-wide sourcing process.

Furthering our focus on exceeding our customers' expectations, we have appointed a group general manager of customer experience to continue to improve, differentiate and propel us forward in this key area.

Our store footprint, which when we acquired the Pretty Girl Fashion Group totalled 592, has grown by 22 stores (614 net) and we have taken the opportunity to optimise the portfolio by closing a number of weaker stores, or converting them to other brands within the group where appropriate. We remain of the view that we can continue to expand our store network, on a measured basis, as well as convert select locations into larger format multi-branded offerings.

Our focus on, and investment in, the online business has been met with considerable success, although it remains early days, and we anticipate further strong growth in this area as we continue to build on our social and digital media strategies.

We are also heavily focused on optimisation of online fulfilment in order to deliver a best-in-class offering for our shoppers.

The year ahead presents us with even greater opportunities as we build upon the foundation of our combined Noni B Group operations. My sincere thanks to the entire team who have enabled us to deliver on our goals over the past year and who have embraced the change positively and with a view to the future.

Scott Evans
Managing Director
28 August 2017

NONI B

NONI B

At Noni B we help women B Beautiful!

As one of Australia's best known and much-loved brands, we provide elegant, classic and timeless collections to make every woman feel special at every occasion.

Our dedicated team prides itself on superior customer service and in-store personal style advice.

rockmans

We're all about fantastic prints and colour at Rockmans.

Our team works tirelessly to deliver on trend styles at exceptional and unexpected value.

Feminine, fun, confident and down to earth – that's Rockmans!

GROUP

W·LANE

W-Lane believes true style is enduring and quality is in the detail.

We are travel ready, embrace the comfort of natural fibres and think easy-care is a life essential.

At W-Lane, our clothes are made for loving life.

beme

beme offers modern, on trend and ageless style for the curvy woman.

beme's outfits cater for all occasions – formal wear and accessories, casual wear, work wear, sleepwear, swimwear and resort.

We are passionate about making our customers feel great, both inside and out!

NONI B

The Noni B woman is looking for classic, timeless style that makes her B Beautiful. Whether she's working, retired or spending time with family, the Noni B woman embraces life. Every day is a special occasion worth feeling fabulous for!

ACHIEVEMENTS OF THE YEAR:

- Achieved 2.2% full year comparable store growth
- Online sales grew 26% on the year
- 18 new stores opened in FY17
- Transformed store fronts by investing in people, marketing and customer experience
- Introduced Travel and Activewear collections
- Partnered with key celebrities – Catriona Rowntree for Mother's Day campaign and Deborah Hutton for Spring campaign
- Continued growth in loyalty sales through a strong personalised engagement strategy.

260k
EMAIL SUBSCRIBERS

1.25m
MEMBERS

3.4m
ONLINE VISITS

228
STORES

rockmans

Feminine, fun, confident and always stylish, that's our Rockman's girl! She loves to look up to date and on trend. Attracted to colour and print, she expresses herself through her clothes. Because you should never underestimate the power of a good outfit!

ACHIEVEMENTS OF THE YEAR:

- Strong comparable store growth in 2nd half – achieved 2.3% full year comparable store growth
- Online sales grew 95% on the year and continues to be a focus for FY18
- 16 new stores opened FY17
- Our accessories collection continues to grow under the 'Amber Rose' brand
- Enhancing the customer experience continues to be a key focus.

450k
EMAIL SUBSCRIBERS

3.3m
MEMBERS

5.5m
ONLINE VISITS

283
STORES

W·LANE

The W-Lane woman is retired or nearing retirement but she is busy, busy, busy! She has an active social life and loves to travel. She wears her clothes, they don't wear her. Quality and style matter. She is attracted to comfort and natural fabrics.

ACHIEVEMENTS OF THE YEAR:

- Strong 5.3% comparable store growth
- Online sales growth of 49% over FY16 through wider product offering and customer engagement.
- 20+ new stores planned for FY18 and a continued roll out of the new store format to existing locations.
- Nine new and refurbished stores opened in key locations during FY17
- Customer Experience continues to evolve and remains a key brand focus.

175k
EMAIL SUBSCRIBERS

827k
MEMBERS

1.9m
ONLINE VISITS

78 (+ 48 combo)
STORES

beme

The beme girl is curvy – she wants modern, ageless and on-trend designs that flatter her hour-glass silhouette. She's social and active and appreciates great customer service. She's willing to share her body hang ups and loves to hang out on social media.

ACHIEVEMENTS OF THE YEAR:

- Online sales continue to show strong growth – 48% increase on the year
- Store expansion is a key focus for FY18 with 10-15 additional stand-alone stores planned to roll-out
- Product expansion in the denim category has proved successful with strong year on year growth recorded in jeans.

130k
EMAIL SUBSCRIBERS

375k
MEMBERS

1.8m
ONLINE VISITS

25
STORES

OMNI CHANNEL

Accelerating online growth ahead of market

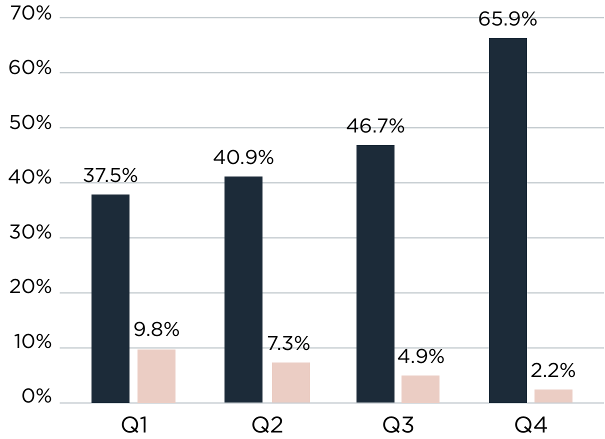
Online sales growth of 56% versus last year.

Major uplifts seen as brand travelled through each quarter, in line with investment.

OMNI CHANNEL FOUNDATIONS HAVE BEEN LAID:

- Improved our stock availability
- Launched Click and Collect on Rockmans, beme and WLane
- Launched After Pay
- Upgraded our CRM system
- Invested in our logistics capability.

ONLINE SALES GROWTH FY16



■ Noni B Group Online Sales Growth

■ Fashion Online Sales Growth*

*NAB Online Retail Sales Index – Q1: Sept 2016, Q2: Dec 2016, Q3: March 2017, Q4: June 2017

SALES INCREASED BY **56%** IN FY17

ONLINE VISITS GREW BY **+40%** LAST YEAR

WE DELIVERED **184K** **ORDERS** IN THE LAST 12 MONTHS

ONLINE SALES WERE **3.6%** OF GROUP SALES IN FY17 (2.3% IN FY16)

5,760,752 CUSTOMERS **10%** INCREASE ON LAST YEAR

MOBILE SALES TRAFFIC GREW BY **168%** ON ROCKMANS LAST YEAR

70% INCREASE IN SOCIAL MEDIA FOLLOWING

ETHICAL SOURCING

SOURCING POLICY

An effective and sustainable supply chain is integral to the Noni B Group business model, and our supply partners are required to meet certain standards in relation to human rights, workplace safety, environmental impacts and ethical business practices.

We choose, promote and develop relationships with suppliers who are aligned with our expectations of ethical and socially responsible behaviour.

We currently source products in several countries, including China, India, Bangladesh and Vietnam. Buying products from these regions creates economic benefits for them as well as allowing our brands to provide affordable products to consumers. The size of our supply chain makes it challenging to manage ethical sourcing risks including child labour, forced labour and freedom of association, however the Noni B Group's ethical sourcing standards are aligned to the Ethical Trading Initiative (ETI) base code and its principles of continuous improvement. We will not knowingly work with any company that does not comply with the ETI base code. In addition to complying with local laws and regulations, suppliers, their factories and authorised subcontractors must demonstrate continuous improvement towards the following standards.

- Child labour shall not be used
- Employment is freely chosen
- Freedom of association and the right to collective bargaining is respected
- All working conditions are safe and hygienic
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed.

All suppliers must sign our supply terms and conditions, of which the ETI Code is part, prior to any orders being placed. We will not do business with a supplier who does not comply with the ETI Code.

SOURCING POLICY ASSURANCE

The Noni B Group's ethical sourcing program starts with the engagement of a new supplier and continues throughout the Company's sourcing and ongoing supplier relationship management processes. We rely on independent third-party reports and factory visits to manage and audit the Ethical Sourcing policy across our main suppliers. Supplier's factories in the audit program are required to have a current audit certificate, which means they have been audited by us or another party whose audits we accept. We will consider a supplier to be low risk if they operate in more regulated countries, or if they are supplying recognised international brands.

Where a supplier is unwilling to achieve compliance, the Noni B Group may terminate the relevant supply contract. Where a supplier is unable to achieve compliance, the Group will work with that supplier to help them become compliant within a specific period of time, however, contract termination may apply if compliance cannot be achieved in critical areas.

Given the size and scope of the Group's supply chain, and the available resources, there is a need to prioritise and focus the Group's audit efforts.

The scope of the Group's supplier auditing program focuses mainly on significant direct finished product suppliers to the Noni B Group. However, the Group's direct suppliers are made responsible for ensuring that second tier suppliers comply with the Group's trading terms and conditions.

BANGLADESH SOURCING

Noni B Group currently sources a portion of its products in Bangladesh. Since 2013, we have been a signatory and member of the Bangladesh Accord. This is a legally binding five-year commitment to work with some of the world's largest apparel retailers. Together we have invested in worker safety, improved conditions and transparent reporting.

ETHICAL RAW MATERIAL PROCUREMENT

Our sourcing commitment is supported by the following initiatives relating to raw materials:

Rabbit Angoraa: Noni B Group will not source products containing rabbit angora.

Cotton: Noni B Group is committed to ensuring that child workers are not used anywhere in its supply chain and that employment is freely chosen. An area of concern for the Group is reports of forced child and adult labour being used in cotton cultivation in Uzbekistan. Although we do not have any direct business relationships with cotton producers, we seek to avoid the use of Uzbekistan cotton. We have requested our suppliers to avoid sourcing cotton from Uzbekistan in relation to the manufacture of any product supplied to the Noni B Group until such time as the practice of using forced and underage labour ceases.

Azo Dyes: We have voluntarily adopted the EU standard whereby we prohibit the manufacture and sale of goods which contain prohibited levels of the specific aromatic amines originating from a small number of azo dyes.

Sandblasted Denim: The harmful practice of 'sandblasting' denim with silica based powders was discontinued in our business in 2014.

OUR *CULTURE & VALUES*

We put the customer at the heart of everything we do, we believe in delivering consistent growth with a core focus on service, execution and differentiation. We drive for growth, we drive for success.

Our values reflect the heart and soul of Noni B Group. When we interact with our team and our customers, our values help us develop and grow.

Individually these values seem obvious but together they form a culture that we think is unique and different from many other companies.

WE LOVE WHAT WE DO

- At the heart of the business is the CUSTOMER / PRODUCT / BRAND
- The product needs to be unique. The shopping experience of equal importance
- We aim to create a positive customer experience.
- It's all about discovery, about creating surprise, and great service.

IN-STORE

We've invested in our stores and teams to ensure we deliver an optimal in-store experience and service which keeps you coming back for more!

ON-LINE

We've listened to what you want and built an omni-channel that's simple, seamless and fast to deliver!

"Living our purpose with shared values and behaviours"

CUSTOMERS ARE AT THE HEART OF EVERYTHING WE DO

INSPIRE AND MOTIVATE EACH OTHER

OWN WHAT YOU DO

GO ABOVE AND BEYOND

KNOW AND SHARE AND TALK MORE

GROWTH PLAN UPDATE

NOVMBER 2016

INTEGRATION		*SUPPLY CHAIN*		*DRIVE GROWTH*	
One Head Office	✓	One Warehouse	FY17	Store Roll Out W-Lane	ONGOING
Integrated IT Platform	FY17	Product Supplier Consolidation	FY17	Store Roll Out Beme	ONGOING
Improved Working Capital	FY17	Speed to Market	FY17	Online Across All Brands	ONGOING
Team Synergies	FY17	Logistics Consolidation	FY17	Current Store Network Optimisation	ONGOING
Procurement Savings	FY17	Scale Benefits	FY17	Comp Store Sales	ONGOING

FEBRUARY 2017

INTEGRATION		*SUPPLY CHAIN*		*DRIVE GROWTH*	
One Head Office	✓	One Warehouse	FY17	Store Roll Out W-Lane	ONGOING
Integrated IT Platform	FY17	Product Supplier Consolidation	✓	Store Roll Out Beme	ONGOING
Improved Working Capital	✓	Speed to Market	FY17	Online Across All Brands	ONGOING
Team Synergies	✓	Logistics Consolidation	FY17	Current Store Network Optimisation	ONGOING
Procurement Savings	FY17	Scale Benefits	FY17	Comp Store Sales	ONGOING

AUGUST 2017

INTEGRATION		*SUPPLY CHAIN*		*DRIVE GROWTH*	
One Head Office	✓	One Warehouse	✓	Store Roll Out W-Lane	ONGOING 14 STORES CONFIRMED
Integrated IT Platform	✓	Product Supplier Consolidation	✓	Store Roll Out Beme	ONGOING 2 STORES CONFIRMED
Improved Working Capital	✓	Speed to Market	ONGOING	Online Across All Brands	ONGOING FY17 3.6% TOTAL SALES
Team Synergies	✓	Logistics Consolidation	✓	Current Store Network Optimisation	ONGOING 123 RENEWALS / 20% REDUCTION
Procurement Savings	✓	Scale Benefits	✓	Comp Store Sales	ONGOING FY17 (TOTAL GROUP 2.4%)

BOARD

RICHARD FACIONI

CHAIRMAN, NON-EXECUTIVE DIRECTOR

Background: Richard is an experienced corporate finance and investment professional, with over 25 years' experience in investment banking, mergers and acquisitions, corporate advice, restructurings and principal investment. Richard leads the corporate finance and private equity practice of Alceon Group 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: Bachelor of Engineering (Honours I) from the University of Sydney; Master of Business Administration from the Wharton School at the University of Pennsylvania; Graduate of the Australian Institute of Company Directors; 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

Background: Scott has over 20 years' experience in international retailing leading both private and public companies. Scott started in the United Kingdom with Marks and 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 and Crossroads. 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

Background: David has over 15 years' experience in mergers and acquisitions, capital markets and principal investment. David is a member of Alceon's corporate finance and private equity practice and represents Alceon's investment in Noni B. Prior to Alceon, David held roles within the corporate finance group of Babcock and 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

Background: Sue Morphet has over 30 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 10 years, most notably as group General Manager of Bonds. Sue also held senior sales and marketing roles at Sheridan and Herbert Adams. Sue now serves on the Boards of Asaleo Care Limited, Fisher and Paykel Appliance Holdings Limited (New Zealand), International Cleaning Solutions Group Pty Ltd (Godfreys) and chairs the Board of National Tiles. Sue is the current Victorian Chapter Chair of Chief Executive Women. Sue chaired Manufacturing of Australia 2013 – 2015.

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

LUKE SOFTA

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY

Background: Luke has over 14 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 from James Cook University and is a Fellow Certified Practising Accountant

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

FINANCIAL
STATEMENTS

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Group (referred to herein as the 'Group' or 'Consolidated Entity') consisting of Noni B Limited and its controlled entities for the 53 week period ended 2 July 2017. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 2 July 2017 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 and up to the date of this report, unless otherwise stated:

Richard Facioni	Non-Executive Director
Scott Evans	Chief Executive Officer and Managing Director
David Wilshire	Non-Executive Director
Sue Morphet	Non-Executive Director
Bradley Kady	Non-Executive Director (appointed 5 September 2016, resigned 14 March 2017)

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 paid during the 2017 financial year. A dividend was declared subsequent to the financial year and will be paid out of the Dividend Profit Reserve.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 5 September 2016, the Group acquired 100% of the issued capital of Consolidated Press Holdings Fashion Pty Ltd (Pretty Girl Fashion Group) and its controlled entities. The Pretty Girl Fashion Group is a business which operates in the retail of women's apparel and accessories and includes brands such as Rockmans, W Lane and Beme. The acquisition provides the group with a strategic market position and greater growth opportunities. The year-end financial report includes the results of the Pretty Girl Fashion Group for the period from acquisition date.

There were no other significant changes in the state of affairs of the Group during the financial year.

EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 2 July 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs 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 2 July 2017 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 REGULATION

The Group's operations are not subject to any significant environmental obligations or regulations under Australian Commonwealth or State Law.

OPERATING AND FINANCIAL REVIEW

Review of operations

Noni B Limited operates within the women's fashion and retail sector in Australia through a national network of boutique stores. Previously, the Group comprised of the Noni B and Liz Jordan brand which were sold exclusively through the Noni B stores. However, on 5 September 2016, the Group successfully completed the acquisition of the Pretty Girl Fashion Group from Consolidated Press Holdings Pty Ltd. With brands such as Rockmans, W Lane and Beme now forming part of Noni B Limited, the acquisition places the Group in a strategic market position which has already contributed to positive growth in its small timeframe.

The acquisition has seen an increase in the store portfolio to 600+ (2016: 220+). A review of the Groups FY2017 financial performance and financial position demonstrates a significant increase in all key metrics. This is attributed directly from the acquisition of the Pretty Girl Fashion Group.

Review of financial performance

Revenue for FY2017 ended on $316.8m (187% higher than the previous year) with a like for like sales growth of 2.4%. The total gross margin was 63.2% of sales, compared with 68.6% in FY2016. Expenses (excluding cost of sales, finance costs and impairment) increased by 165% compared to last years $73.3m. The Group delivered an Underlying Earnings Before Interest, Taxation, Depreciation and Amortisation (adjusted)[2] (EBITDA) of $22.9m, compared with the Underlying EBITDA for the prior year of $6.1m.

Review of financial position

Noni B Limited ended the year with a cash and cash equivalent balance of $28.2m and a total of $22m in Loans and Borrowings outstanding (positive cash position of $6.2m). The Group had access to total facilities of $12.2m comprising of working capital, bank guarantee and line of credit facilities. Cash from operating activities resulted in an inflow of $33.4m, compared to $7.7m in FY2016. Cash outflow from investing activities increased to $76.8m in comparison to $4m in FY2016 which was predominately due to the $65.5m spend on the acquisition of the Pretty Girl Fashion Group. Cash from financing activities resulted in an inflow of $58.6m which was attributed to $36.5m from the capital raising and the $22m (net) provided via bank loans.

The Groups inventory on 2 July 2017 was $29.2m, 156% higher than on 26 June 2016 ($11.4m)

2. 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

Outlook

The start of the 2018 financial year has seen a continuation of a highly-competitive market.

Scott Evans said, "In what has become an increasingly competitive market, we will continue to focus on delivering sales growth on both a like-for-like and absolute basis. To do this, the customer will remain at the heart of everything we do, which in turn will keep our brands relevant in the marketplace."

Richard Facioni said, "Whilst the results for the current financial year will be significantly impacted by a couple of key trading periods, particularly Christmas and Mothers' Day, our current expectations are that the Group will generate a substantially higher financial result in the 2018 Financial Year.

"We expect the cost savings previously identified from the integration of Pretty Girl to be fully realised this financial year and to be reflected in underlying earnings, together with the benefits of combining the product sourcing function of the two groups."

Noni B Group has previously advised full year run-rate cost savings, excluding anticipated margin improvements from the restructured supply chain, to be in the order of $8 million.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 2 July 2017, and the number of meetings attended by each Director were:

	Board Meeting		Audit and risk management committee		Remuneration committee	
	Held	Attended	Held	Attended	Held	Attended
Richard Facioni	12	11	4	4	3	3
Scott Evans	12	12	–	–	–	–
David Wilshire	12	11	4	4	3	3
Sue Morphet	12	12	4	4	3	3
Bradley Kady*	6	6	–	–	–	–

Held: Represents the number of meetings held during the time the Directors held office.

*Bradley Kady was appointed as Non-executive Director on 5 September 2016 and resigned on 14 March 2017 following on from the sale of Consolidated Press Holdings Pty Ltd interest in Noni B Limited. Number of meetings attended and held represents meetings held up to the resignation date.

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 2 July 2017.

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

1. Details of remuneration
2. Remuneration policy
3. Service Agreements
4. Additional information

1. DETAILS OF REMUNERATION

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 key management personnel of the Group consisted of the following directors of Noni B Limited:

Richard Facioni	Chairman
Scott Evans	Chief Executive Officer and Managing Director
David Wilshire	Non-Executive Director
Sue Morphet	Non-Executive Director
Bradley Kady	Non-Executive Director (appointed 5 September, 2016, resigned 14 March 2017)

And the following Senior Executives:

Luke Softa	Chief Financial Officer and Company Secretary

Remuneration of Key Management Personnel

Details of the nature and amount of each element of compensation for services for key management personnel of the Group paid in the financial year are as follows:

2017	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	752,845	232,295	–	23,856	35,353	–	19,392	548,332	1,612,073
Non-executive directors									
Richard Facioni	169,394	–	–	–	–	–	–	140,787	310,181
David Wilshire	94,264	–	–	–	–	–	–	–	94,264
Sue Morphet	94,264	–	–	–	–	–	–	66,464	160,728
Bradley Kady*	52,329	–	–	–	–	–	–	–	52,329
Other key management personnel									
Luke Softa	414,397	105,096	–	1,050	33,164	–	10,536	143,045	707,288
Total	1,577,493	337,391	–	24,906	68,517	–	29,928	898,628	2,936,863

* Director fees for Bradley Kady (5 September 2016 – 14 March 2017) were paid to Consolidated Press Holdings Pty Limited.

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	426,976	150,000	–	20,872	29,178	–	6,944	466,037	1,100,007
Non-executive directors									
Richard Facioni	98,550	–	–	–	–	–	–	–	98,550
David Wilshire	68,250	–	–	–	–	–	–	–	68,250
Sue Morphet	68,250	–	–	–	–	–	–	66,464	134,714
Other key management personnel									
Luke Softa	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

2. Remuneration Policy

Non-executive directors

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

Fee Pool

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

Fees

As of 5 September, the Non-Executive Directors' base fee has been set at $100,000 per annum and the Chairman's fee has been set at $185,000 per annum. During the financial year ended 2 July 2017 the Group held a total of 20 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 set objectives 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 measures 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 measures 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 Group provided 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

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

*these shares were expensed in FY2016

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available
26/06/2015	31/10/2015	$ 0.20	$ 0.70	$ 0.51	47%	2.78%	1,764,705*

*these shares were expensed in FY2016

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.

Share Plan Rights

Scott Evans

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
26/06/2015	31/10/2018	$ 0.20	$ 0.70	$ 0.51	47%	2.78%	1,568,627	1,045,751

Sue Morphet

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
26/06/2015	31/10/2018	$ 0.20	$ 0.70	$ 0.51	47%	2.78%	980,392	653,595

Performance Share Rights

Richard Facioni

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
19/08/2016	18/08/2021	$ 0.47	$ 1.33	$ 1.25	35%	1.54%	1,200,000	220,000
19/08/2016	18/08/2021	$ 0.39	$ 1.33	$ 1.50	35%	1.54%	300,000	55,000
19/08/2016	18/08/2021	$ 0.32	$ 1.33	$ 1.75	35%	1.54%	300,000	55,000

Luke Softa

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
27/10/2015	27/10/2018	$ 0.10	$ 1.00	$ 0.90	–	–	500,000	277,778
19/08/2016	18/08/2021	$ 0.47	$ 1.33	$ 1.25	35%	1.54%	250,000	45,833

REMUNERATION REPORT (CONTINUED)

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

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
26/06/2015	01/07/2020	$ 0.36	$ 0.70	$ 0.51	43.8%	2.78%	882,479	588,319

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

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Risk free interest rate	Number of rights available	Number of rights vested
26/06/2015	01/07/2020	$ 0.37	$ 0.70	$ 0.51	43.8%	2.78%	882,479	588,319

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

	Fixed Remuneration		Short term incentive		Long term incentive	
Name	2017	2016	2017	2016	2017	2016
Non-executive directors						
Richard Facioni	55%	100%	–	–	45%	–
David Wilshire	100%	100%	–	–	–	–
Sue Morphet	59%	51%	–	–	41%	49%
Bradley Kady	100%	–	–	–	–	–
Executive directors						
Scott Evans	52%	44%	14%	14%	34%	42%
Other key management personnel						
Luke Softa	65%	72%	15%	13%	20%	15%

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

Name	2017	2016
Executive directors		
Scott Evans	100%	100%
Other key management personnel		
Luke Softa	100%	100%

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 and 2017. All other terms of the performance shares remain unchanged.

3. 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

4. Additional information

The earnings of the Group for the five years to 2 July 2017 are summarised below:

Name	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Revenue	316,756	110,478	110,412	115,078	124,688
Profit/(Loss) after income tax	3,253	2,210	(4,790)	(7,843)	(3,500)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

Name	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Share price at financial year end ($)	$1.75	$1.00	$0.66	$0.47	$0.60
Basic earnings per share (cents per share)	4.6	6.1	(14.9)	(24.4)	(10.9)
Total dividends (cents)	–	–	–	1.5	6

Options held by directors and key management personnel

There are no options outstanding at end of the financial year ended 2 July 2017 and no options were granted during the year or prior year.

Relevant interest in shares by directors and key management personnel

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below.

Directors and Key Management Personnel	Balance at 26 June 2016	Share purchase ordinary	Shares acquired under performance rights plan ordinary	**Balance at 2 July 2017**
Richard Facioni	–	–	1,800,000	1,800,000
Scott Evans	4,163,175	400,000	–	4,563,175
David Wilshire	–	–	–	–
Sue Morphet	1,960,784	400,000	–	2,360,784
Luke Softa	500,000	240,000	277,574	1,017,574
TOTAL	6,623,959	1,040,000	2,077,574	9,741,533

This concludes the remuneration report which has been audited.

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 financial year by the auditor are outlined in note 21 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 directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

DIRECTORS' REPORT
CONTINUED

REMUNERATION REPORT (CONTINUED)

- 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.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

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

Sydney 28 August 2017

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 2 July 2017, 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 period.

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 28 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 2 JULY 2017

	Note	Consolidated Group 2017 $'000	2016 $'000
Continuing Operations			
Revenue	3	311,483	107,463
Other income	3	5,273	3,015
Cost of goods sold		(114,776)	(33,787)
Expenses (excluding finance costs)	4	(194,727)	(73,348)
Finance costs	4	(1,343)	(5)
Profit before income tax from continuing operations		5,910	3,338
Income tax expense	5	(2,657)	(1,128)
Net profit after income tax from continuing operations		3,253	2,210
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year attributable to the owners of Noni B Limited		3,253	2,210
Earnings per share			
From continuining operations:			
Basic earnings per share (cents)	30	4.6	6.1
Diluted earnings per share (cents)	30	4.6	6.1

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 2 JULY 2017

	Note	Consolidated Group 2017 $'000	2016 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	28,167	12,919
Trade and other receivables	7	3,749	1,506
Inventories	8	29,243	11,419
Other current assets		563	327
TOTAL CURRENT ASSETS		61,722	26,171
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,266	6,416
Intangible assets	10	75,547	494
Deferred tax assets	5	15,026	3,737
Other non-current assets		120	153
TOTAL NON-CURRENT ASSETS		118,959	10,800
TOTAL ASSETS		180,681	36,971
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	46,428	16,893
Loans and Borrowings	12	2,729	33
Provisions	13	11,120	4,219
Derivative financial instruments	14	1,774	314
Tax liabilities	5	3,842	–
Other current liabilities	15	4,794	819
TOTAL CURRENT LIABILITIES		70,687	22,278
NON-CURRENT LIABILITIES			
Loans and Borrowings	12	19,683	–
Provisions	13	1,272	600
Deferred tax liabilities	5	11,206	44
Contingent consideration	22	3,173	–
Other non-current liabilities	15	12,232	2,099
TOTAL NON-CURRENT LIABILITIES		47,566	2,743
TOTAL LIABILITIES		118,253	25,021
NET ASSETS		62,428	11,950
EQUITY			
Issued capital	16	68,340	21,710
Reserves		4,992	1,144
Accumulated losses		(10,904)	(10,904)
TOTAL EQUITY		62,428	11,950

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 2 JULY 2017

Consolidated Group	Note	Issued capital $'000	(Accumulated Losses) $'000	Equity Reserve $'000	Dividend Profit Reserve $'000	Total $'000
Balance at 28 June 2015		20,754	(13,114)	742	–	8,382
Net profit after income tax expense for the year		–	2,210	–	–	2,210
Other comprehensive income for the year net of tax		–	–	–	–	–
Total comprehensive income for the year		–	2,210	–	–	2,210
Transactions with owners in their capacity as owners:						
Shares issued during the year		956	–	–	–	956
Share based payments	31	–	–	402	–	402
Balance at 26 June 2016	16	21,710	(10,904)	1,144	–	11,950
Net profit after income tax expense for the year		–	3,253	–	–	3,253
Transfer to dividend profit reserve	18	–	(3,253)	–	3,253	–
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	3,253	3,253
Transactions with owners in their capacity as owners:						
Shares issued during the year		46,630	–	–	–	46,630
Share based payments	31	–	–	595	–	595
Balance at 2 July 2017	16	68,340	(10,904)	1,739	3,253	62,428

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 2 JULY 2017

	Note	Consolidated Group 2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		346,258	124,735
Payments to suppliers and employees (inclusive of GST)		(305,500)	(117,174)
Transaction and restructuring costs paid		(5,482)	–
Interest received		144	115
Interest and other finance costs paid		(1,115)	(5)
Income taxes paid		(900)	–
Net cash provided by operating activities	29	33,405	7,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of business, net of cash acquired		(65,529)	–
Payments for property, plant and equipment		(11,096)	(3,632)
Payments for software assets		(223)	(502)
Proceeds from sale of property, plant and equipment		71	110
Net cash used in investing activities		(76,777)	(4,024)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		36,467	956
Proceeds from borrowings		30,000	–
Repayment for borrowings		(7,000)	–
Payments for borrowing costs		(814)	–
Payments for finance lease and other liabilities		(33)	(177)
Net cash from financing activities		58,620	779
Net increase in cash and cash equivalents		15,248	4,426
Cash and cash equivalents at the beginning of the financial year		12,919	8,493
Cash and cash equivalents at the end of the financial year	6	28,167	12,919

The accompanying notes form part of these financial statements.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of Noni B Limited for the 53 weeks ended 2 July 2017 was authorised for issue in accordance with a resolution of the Directors on 28 August 2017.

Noni B Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

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. 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.

As at 2 July 2017 the Group had an excess of current liabilities over current assets of $8.97m. Current liabilities include $4.79m in fitout contributions and lease incentives which are not expected to be settled by cash in the next 12 months. Additionally, there are $3.57m in employee benefit provisions which are also not expected to be settled in cash. Notwithstanding the above, the Directors believe it is appropriate to prepare the financial report on a going concern basis given the circumstances below:

- The directors expect that future net cash inflows from operating activities in conjunction with bank facilities made available will be sufficient to support the Groups operating activities. The Group has access to a $5m facility for working capital needs should they require it.
- Based on the forecast for the next 12 months, management remain confident that based on full year benefits in synergies, margin gains and operational efficiencies the Group will remain compliant with all financial covenants.
- The strategies that have been implemented by management around the improvement and alignment of policies and cost efficiencies within the Pretty Girl Group since acquisition are expected to result in cost savings going forward.

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

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 26.

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.

(a) Fair value measurement

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 (i.e. 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 (i.e. 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 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.

(b) 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.

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.

(c) Financial Instruments

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 (i.e. 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.

(d) 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 either the year-end or hedged 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.

(e) Employee Benefits

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: Provisions, Contingent Liabilities and Contingent Assets and the costs

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 tax authority is included in 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 tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

(g) Comparative figures

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

The current reporting period, 27 June 2016 to 2 July 2017, represents 53 weeks and the comparative reporting period is from 29 June 2015 to 26 June 2016 which represents 52 weeks.

(h) Rounding of Amounts

The Company is a company of the kind specified in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that ASIC instrument amounts in the financial statements and the Director's Report have been rounded to the nearest thousand dollars, unless specifically stated to be otherwise.

(i) 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. The key estimates and judgments have been included within the notes to the financial report.

(j) 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 July 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 entity 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.

  As the Group is exposed to hedging activity, the directors anticipate that the adoption of AASB 9 will have an impact to the Group's financial statements in future periods.

– AASB 15: *Revenue from Contracts* with Customers (applicable to annual reporting periods beginning on or after 1 July 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. Apart from 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.

As that the Group is exposed to transactions around goods returned, gift cards and customer loyalty programs, the directors anticipate that the adoption of AASB 15 will have an impact on the Group's financial statements in future periods.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 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 are as follows:

  - recognition of a right-of-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-of-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;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - inclusion of 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.

  As the Group operates all its retail stores through operating property leases, the directors anticipate that the adoption of AASB 16 will have a material effect due the significant amount of property leases which will be brought onto the financial statements.

NOTE 2. OPERATING SEGMENTS

Management has determined the operating segments based on internal reports reviewed and used by the Chief Executive Officer ("CEO") in assessing performance and in determining the allocation of resources. The Group operates wholly within one geographic region – Australia and is organised into one operating segment (fashion retail). Whilst the Group sells across different brands it was determined, based on similarities, to aggregate into one segment. The similarities include marketing (both in the processes and the target customer) as well as the production and distribution processes (standardised across the Group).

The CEO assesses the performance of the operations based on a measure of underlying EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for fair value revaluation of derivative financial instruments through profit or loss and restructuring costs). The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements. The information reported to the CEO is on at least a monthly basis, including weekly reporting on key revenue metrics.

NOTE 3. REVENUE AND OTHER INCOME

	Consolidated Group 2017 $'000	2016 $'000
Sales revenue:		
Sales of goods	311,483	107,463
Other income:		
Interest	144	115
Jewellery commission	4,063	2,581
Other	1,066	319
Total other income	5,273	3,015

Recognition and measurement

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. Jewellery commission is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards.

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

NOTE 3. REVENUE AND OTHER INCOME (CONTINUED)

iv. 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.

v. 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.

vi. Interest revenue is recognised when it is earned.

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

NOTE 4. PROFIT FOR THE YEAR

	Consolidated Group 2017 $'000	2016 $'000
a) Expenses (excluding finance costs)		
Marketing and selling expenses	89,752	34,677
Occupancy expenses	72,282	28,589
Administrative expenses	30,855	9,544
Unrealised loss on derivative financial liability	1,442	314
Other expenses	396	224
Total expenses (excluding finance costs)	194,727	73,348
b) Profit before income tax from continuing operations includes the following specific expenses:		
Expenses		
Finance costs comprising interest attributed to:		
– assets under finance leases	1,343	5
Total finance costs	1,343	5
Depreciation of property, plant and equipment	7,849	2,205
Amortisation of property, plant and equipment	11	49
Write-off of obsolete stock	228	186
Write-down of inventories to net realisable value	1,791	904
Impairment of property plant and equipment	213	(110)
Operating lease rental expenses	59,055	24,609
Employee benefits expense	82,985	29,583
Share based payments	595	402
Superannuation expense	7,726	2,670
Net foreign exchange (loss)/gain	(2,981)	171

NOTE 5. INCOME TAX

	Consolidated Group 2017 $'000	2016 $'000
Major components of income tax expense		
Deferred tax	(2,323)	1,128
Current tax	4,980	–
Income tax expense	2,657	1,128
Reconciliation between income tax benefit and prima facie tax on accounting profit		
Accounting profit	5,910	3,338
Tax at 30% (2016-30%)	1,773	1,001
Tax effect on non-deductible expenses / (non-assessable items):		
	–	–
Share based expenses	179	120
Share issue costs	536	–
Permanent differences	296	–
Under / over from prior year	(181)	7
Recoupment of tax losses not recognised in prior years	(13)	–
Deferred tax asset not recognised on tax losses	217	–
Adjustment to goodwill balance	(150)	–
Income tax expense	2,657	1,128
Tax Liabilities		

	Consolidated Group	
	2017 $'000	2016 $'000
Current tax liabilities	3,842	–
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	3,198	1,249
Lessors fit out contribution	5,108	875
Accruals	754	385
Provision for shrinkage/obsolescence/absorption costs	681	570
Depreciation timing differences	1,172	454
Foreign currency balances	532	78
Provision for customer loyalty	267	126
Future tax benefit of tax losses	2,079	–
Business capital expenditure	506	–
Other	729	–
Total deferred tax assets	15,026	3,737
Analysis of deferred tax liabilities:		
Depreciation and timing differences	4	–
Brand name	10,890	–
Foreign currency balances	288	–
Other	24	44
Total deferred tax liabilities	11,206	44

Recognition and measurement

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

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

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

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

Key estimate and judgment

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.

Tax consolidation

Noni B Limited (the 'head entity') and its wholly-owned Australian controlled entities formed an income tax consolidated group under the tax consolidation regime as of 1 July 2005. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred amounts. In addition to its own current and deferred amount, the head entity also recognises the current tax assets/liabilities of each subsidiary in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Noni B Limited for any current tax payable and are compensated by Noni B Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

NOTE 6. CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017 $'000	2016 $'000
Cash at bank and on hand	28,167	12,919

Recnogition and measurement

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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.

NOTE 7. TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2017 $'000	2016 $'000
CURRENT		
Sundry debtors	3,749	1,506
	3,749	1,506

Recognition and measurement

Trade and other receivables include amounts due from customers for goods sold in addition to landlord contributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets and are not discounted. All other receivables are classified as non-current assets and are subsequently measured at amortised cost using the effective interest method.

The Group assesses at the end of each reporting period whether there is objective evidence that the Group's receivables are impaired. A provision for impairment is not recognised until objective evidence is available that a loss event has occurred. At reporting date trade and other receivables are not past due and not impaired.

NOTE 8. INVENTORIES

	Consolidated Group	
	2017 $'000	2016 $'000
CURRENT		
Finished goods at cost	30,532	12,277
Provision for obsolescence and shrinkage	(1,289)	(858)
	29,243	11,419

Recognition and measurement

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. Costs comprise of purchase and delivery costs, net of rebates and discounts received or receivable.

Key estimate and judgment

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.

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2017 $'000	2016 $'000
a) Plant and Equipment		
Plant and equipment:	62,045	27,918
At cost	(33,779)	(21,513)
Accumulated depreciation	**28,266**	6,405
Plant and equipment leased pursuant to hire purchase:		
At cost	23	92
Accumulated depreciation	(23)	(81)
	–	11
Total property, plant and equipment	**28,266**	6,416

	Plant and Equipment $'000	Leased Plant and Equipment $'000	Total $'000
(b) Movements in carrying amounts			
Consolidated Group:			
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
Additions	11,165	–	11,165
Additions through business combinations (note 27)	19,756	–	19,756
Disposals	(999)	–	(999)
Depreciation expense	(8,061)	(11)	(8,072)
Balance at 2 July 2017	28,266	–	28,266

Recognition and measurement

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. If an indication of impairment exists, and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Key estimate and judgment

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 10. INTANGIBLE ASSETS

	Consolidated Group 2017 $'000	2016 $'000
Goodwill – at cost	**38,625**	–
Brand valuation	**36,300**	–
Other intangible assets – at cost	797	502
Less: Accumulated amortisation	(175)	(8)
Net carrying value	**622**	494
Total intangibles	**75,547**	494

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

NOTE 10. INTANGIBLE ASSETS (CONTINUED)

	Consolidated Group			
Consolidated Group:	Goodwill $'000	Brand names $'000	Other* $'000	Total $'000
Balance at 28 June 2015	–	–	–	–
Additions	–	–	502	502
Amortisation expense	–	–	(8)	(8)
Balance at 26 June 2016	–	–	494	494
Additions	–	–	295	295
Additions through business combinations (note 27)	38,625	36,300	–	74,925
Amortisation expense	–	–	(167)	(167)
Closing net carrying value	38,625	36,300	622	75,547

* Includes software and development costs in relation to the IP and e-commerce related activities

Goodwill and Brand names

Recognition and measurement

The goodwill of $38.63m represents the excess of the cost of the Pretty Girl Fashion Group over the fair value of the net identifiable assets at the date of acquisition. An independent valuation of the brand names acquired as part of the transaction resulted in a brand valuation of $36.30m being recognised as part of the net assets acquired. The fair value was determined based upon the royalty method at acquisition date. The royalty rates used in the valuation model are based on rates observed in the market. The royalty rates used in the valuation model for the current year was 2%-3% (2016 nil). Brand names are assessed as having an indefinite useful life. The indefinite useful life reflects managements intention to continue to operate these brands to generate net cash inflows into the foreseeable future.

After initial recognition, goodwill and indefinite life brand names acquired in a business combination are measured at cost less any accumulated impairment losses. Goodwill and brand names are assessed as part of the Pretty Girl Fashion Group CGU. Goodwill and brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Key estimates and judgement on impairment of goodwill and brand names

Impairment of goodwill and brand names is determined by assessing the recoverable amount of the cash generating units (CGU) to which it relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. The recoverable amount of the CGU has been determined based upon a value-in-use calculation. The value in use is based on the cash flow projections as at July 2017 for a period of three years. The cash flow projections are based on the FY2018 budget that has been approved by the board with estimated growth rates of 3% to 5% for FY2019 - FY2020 and a terminal growth rate of 1%. As part of the annual impairment test for goodwill and brand valuation, management assesses the reasonableness of growth rate assumptions by reviewing historical cash flow and projections as well as future growth objectives.

The post-tax discount rates applied to these cash flow projections is 15%. The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of capital.

The tax rate applied in the valuation model is based on the corporate tax rate in Australia of 30%.

There has been no impairment loss recognised in relation to goodwill and brand names (2016: nil).

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

Software and development costs

Costs associated with software are amortised on a straight-line basis over the period of their expected benefit being their finite life of 5 years and is tested for impairment when there is indication of impairment.

NOTE 11. TRADE AND OTHER PAYABLES

	Consolidated Group 2017 $'000	2016 $'000
CURRENT		
Trade payable	24,348	12,890
Sundry payables	22,080	4,003
	46,428	16,893

Recognition and measurement

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 – 90 days of recognition of the liability. Due to the short-term nature they are measured at amortised cost and are not discounted.

Key estimate and judgment

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.

NOTE 12. LOANS AND BORROWINGS

	Consolidated Group 2017 $'000	2016 $'000
CURRENT		
Secured liabilities:		
Lease liability	–	33
Bank loans	2,729	–
Total current borrowings	2,729	33
NON-CURRENT		
Secured liabilities:		
Bank loans	19,683	–
Total non-current borrowings	19,683	–

Commercial hire purchase liabilities are secured by the assets subject of the commercial hire purchase agreements. Bank loans are secured by both the warehouse inventory and a general security deed which is a fixed and floating charge over the business.

Bank loans are recognised at the fair value of the consideration less directly attributable transaction costs. Fees paid on establishment of loan facilities are amortised over the term of the facility. At 2 July 2017, the Group had outstanding borrowings of $22m (2016: nil).

In the prior year the Group had outstanding commercial hire purchase liabilities which were subsequently fully paid.

Recognition and measurement

Borrowing costs are directly attributable to the loan. They are subsequently measured at amortised costs using the effective interest method.

Finance facilities

The following lines of credit were available at reporting date:

	Consolidated Group 2017 $'000	2016 $'000
Amount of credit facilities available		
Bank card	150	30
Market rate facility	5,000	2,000
Bank guarantees and lines of credit	7,000	–
Total	12,150	2,030
Amount of credit facilities unused		
Bank card	32	30
Market rate facility	5,000	2,000
Bank guarantees and lines of credit	2,935	–
Total	7,967	2,030

NOTE 12. LOANS AND BORROWINGS (CONTINUED)

The Group amended its facilities on 5 September 2016, which comprise of a working capital facility (previously $2m) and a line of credit facility both of which was $5m and may be drawn at any time. As at 2 July 2017, the Group bank loan was $23m with $3m made available. The bank loans and finance facilities available contain specific financial covenants which the Group is required to meet. For the period ending 2 July 2017 the Group was able to meet its financial covenants and remained compliant for the period ended.

NOTE 13. PROVISIONS

	Consolidated Group 2017 $'000	2016 $'000
Current		
Employee benefits	9,373	3,562
Other provisions	1,747	657
Total current provisions	11,120	4,219
Non-current		
Employee benefits	1,272	600
Total non-current provisions	1,272	600

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

	Lease make good $'000	Bonus $'000
Carrying amount at the start of the year	40	617
Additional provisions recognised	200	1,547
Amounts used	(40)	(617)
Carrying amount at the end of the year	200	1,547

Other long-term employee benefits

Recognition and measurement

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. The amount that is not expected to be taken within the next twelve months including on costs is $3.57m.

Long-term benefits are benefits (other than termination benefits) that are 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 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.

Key estimate and judgment

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.

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.

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 FY2017 performance.

NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group	
	2017 $'000	2016 $'000
Forward exchange forward contracts	1,773	314
Interest swaps	1	–
	1,774	314

Refer to note 19 for further information on financial instruments

NOTE 15. OTHER LIABILITIES

	Consolidated Group	
	2017 $'000	2016 $'000
CURRENT		
Fitout contributions and lease incentives	4,794	819
	4,794	819
NON-CURRENT		
Fitout contributions and lease incentives	12,232	2,099
	12,232	2,099

Deferred lease incentives

The provision represents operating lease incentives received. The incentives are allocated to the profit and loss on a straight-line basis over the lease term.

NOTE 16. ISSUED CAPITAL

	Consolidated Group	
	2017 $'000	2016 $'000
Fully paid ordinary shares		
Balance at the beginning of the financial year	21,710	20,754
Issue of shares	48,341	956
Less transaction costs in relation to capital raising	(1,711)	–
Ordinary shares	68,340	21,710
	No.	No.
At the beginning of the reporting period	39,081,040	32,090,136
Shares issued during the year[(1)]	40,952,260	7,140,904
Share buy-back	–	(150,000)
At the end of the reporting period	80,033,300	39,081,040

(1) A total of 40,952,260 shares were issued in relation to the Capital Raising (30,483,258), Acquisition (7,720,116), Performance (2,675,000) and Bonus (73,886) shares. This includes shares issued under limited recourse loans issued to Directors and Senior Management.

Ordinary shares

Ordinary shares are classified as equity and 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.

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

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.

NOTE 17. DIVIDENDS PAID

Dividends

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

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

	Consolidated Group	
	2017	2016
	$'000	$'000
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	**10,709**	5,966

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

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

NOTE 18. DIVIDEND PROFIT RESERVE

To the extent that any current year profits are not distributed as dividends, the Group may set aside some or all of the undistributed profits to a separate dividend profit reserve to facilitate the payment of future dividends, rather than maintaining these profits within accumulated losses. During the year the Directors decided to transfer the FY2017 profit to the newly created dividend profit reserve which will enable the declaration of a future dividend.

	Consolidated Group	
	2017	2016
	$'000	$'000
Dividend profit reserve	**3,253**	–

NOTE 19. FINANCIAL RISK MANAGEMENT

Capital Risk 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 2 July 2017 and 26 June 2016 are as follows:

		Consolidated Group	
		2017	2016
	Note	**$'000**	$'000
Total debt	12	**22,412**	33
Total equity		**62,428**	11,950
Total capital		**84,840**	11,983
Gearing ratio		**26.4%**	0.3%

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.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks. As sales to retail customers are settled in cash or using major credit cards within 24 hours, the Group is mitigated from any material credit risk exposure to any single debtor or group of debtors. Current trade account receivables are non-interest bearing loans and are generally on 45 day terms.

Market Risk

Foreign currency 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		Average Exchange Rate	
	2017	2016	2017	2016
	$'000	$'000	$	$
Buy US dollars				
– Maturity:				
Less than 1 year	30,528	6,469	0.7236	0.7041

The derivatives that are not effective accounting hedges are measured at fair value through profit or loss.

Price risk

The Group is not exposed to any significant price risk.

Interest Rate Risk

The Group's main interest rate risk arises from loans and borrowings. Borrowings with variable rates expose the Group to interest rate risk with borrowings issued at fixed rates exposing the Group to fair value interest risk. The Group currently has interest swaps in order to reduce the exposure to interest rate risk.

As at the reporting date, the group had the following interest rate borrowings outstanding:

	2017	
	Avg. Interest Rate %	Balance $'000
Bank loans	4.54%	22,412

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 reporting date, bank loan facilities of $5m were available to the Group (2016: $2m). Of this facility, $5m was unused (2016: $2m).

The following table 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	
	2017	2016
	$'000	$'000
Maturity < 1 month	27,624	6,599
Maturity 1 – 3 months	18,718	10,301
Maturity 3 – 12 months	2,930	28
Maturity > 1 year	20,000	–
	69,272	16,928

NOTE 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value of financial instruments

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 for the circumstances. The valuation technique on the derivatives is based on quoted mark to market data provided by the bank. The fair value of the contingent consideration is measured using a formula which incorporates the current year base sales and applies a marginal growth rate for FY2018. There has been no movement between levels and no changes in valuation techniques.

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:

	Level 1		Level 2		Level 3		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Recurring fair value measurements								
Derivatives held for hedging:								
– Forward exchange forward contracts	–	–	1,773	314	–	–	1,773	314
– Interest swaps	–	–	1	–	–	–	1	–
Contingent consideration	–	–	–	–	3,173	–	3,173	–
Total liabilities recognised at fair value	–	–	1,774	314	3,173	–	4,947	314

NOTE 20. 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 2 July 2017.

Directors

The following persons were directors of Noni B Limited during the financial year

- Richard Facioni, Chairman
- Scott Evans, Chief Executive Officer
- Sue Morphet, Non-Executive Director
- David Wilshire, Non-Executive Director
- Bradley Kady, Non-Executive Director (appointed 5 September, 2016, resigned 14 March 2017)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group directly or indirectly, during the financial year:

- Luke Softa, Chief Financial Officer

Compensation

The aggregate remuneration of the directors and other key management personnel of the Group are as follows:

	Consolidated Group	
	2017 $'000	2016 $'000
Short-term employee benefits	1,939,790	1,132,061
Post-employment benefits	68,517	58,244
Other long term benefits	29,928	11,130
Share based payments	898,628	592,779
Total benefits	2,936,863	1,794,214

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 the key management personnel in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

NOTE 21. 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	
	2017 $	2016 $
Audit services – BDO		
– Audit and review of the financial statements	264,000	145,900
Other services – BDO		
– Tax compliance services including review of company income tax returns	13,010	11,688
– Tax advisory services	17,960	4,400
– Other advisory services*	64,270	–
– Other assurance services	38,760	–
	398,000	161,988

* 2017 fees in relation to audit and other advisory services have increased from the prior year primarily due to the acquisition of the Pretty Girl Fashion Group.

NOTE 22. CONTINGENT CONSIDERATION

	Consolidated Group	
	2017 $	2016 $
Contingent consideration	3,173	–

The Group had a contingent consideration of $3.17m at 2 July 2017. As part of the purchase of the Pretty Girl Fashion Group from Consolidated Press Holdings Pty Ltd, it was agreed that the seller will be entitled to deferred payments which are dependent on sales measures in the 2017 and 2018 financial year. Based on the targets, no liability has arisen in the 2017 financial year. However, management has assessed and believes that based on the 2017 key measures the Group will have a liability in the 2018 financial year.

NOTE 23. COMMITMENTS

	Consolidated Group 2017 $'000	2016 $'000
(a) Finance Lease Commitments		
Payable – minimum lease payments:		
– no later than 12 months	–	34
– between 12 months and 5 years	–	–
Minimum lease payments	–	34
Less future finance charges	–	(1)
Present value of minimum lease payments	–	33

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

	Consolidated Group 2017 $'000	2016 $'000
(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	58,518	19,940
– between 12 months and 5 years	104,919	15,914
– later than 5 years	2,376	91
	165,813	35,945

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 24. RELATED PARTY TRANSACTIONS

Parent entity

Noni B Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the Remuneration report is included in the Directors report.

Receivables from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 25. PARENT ENTITY 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 2017 $'000	2016 $'000
Statement of profit or loss and other comprehensive income		
(Loss) / profit after income tax expense	3,253	2,210
Total comprehensive income for the year	3,253	2,210
Statement of financial position		
ASSETS		
Current assets	35,327	26,171
Non-current assets	92,955	10,800
TOTAL ASSETS	128,282	36,971
LIABILITIES		
Current liabilities	27,388	22,278
Non-current liabilities	38,466	2,743
TOTAL LIABILITIES	65,854	25,021
EQUITY		
Issued capital	68,340	21,710
Reserves	4,992	1,144
Accumulated losses	(10,904)	(10,904)
TOTAL EQUITY	62,428	11,950

As at 2 July 2017, the parent entity has net current assets of $7.94m (2016: $3.89m).

Contingent liabilities

As at 2 July 2017, the parent entity had no contingent liabilities (2016: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, 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.

Contractual commitments

The parent did not have any contractual commitments at the end of the financial year.

NOTE 26. 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.

	Incorporation	Ownership Interest 2017	2016
Name of Subsidiary			
Pretty Girl Fashion Group Holdings Pty Ltd	Australia	100%	–
Pretty Girl Fashion Group Pty Ltd	Australia	100%	–
Noni B Holdings Pty Limited	Australia	100%	–
W.Lane Pty Ltd	Australia	100%	–
Hapago Pty Ltd	Australia	100%	100%
Stellvine Pty Ltd	Australia	100%	100%
La Voca Pty Ltd	Australia	100%	100%
Bostide Pty Ltd	Australia	100%	100%

NOTE 27. BUSINESS COMBINATIONS

Pretty Girl Fashion Group

On 5 September 2016, the Group acquired 100% of the shares of the Pretty Girl Fashion Group from Consolidated Press Holdings Pty Ltd. This is a business which operates in the retail of women's apparel and accessories and provides the Group with a strategic market position and greater growth opportunities. The brands within the Pretty Girl Fashion Group include Rockmans, W Lane and Beme.

The values identified in relation to the acquisition of the business and net assets of the Pretty Girl Fashion Group are final as at 2 July 2017 and comprise of the following:

	Fair value $'000
Consideration	
– Cash paid for purchase	67,472
– Net cash acquired	(1,943)
Cash consideration / net cash flow	65,529
– Ordinary shares in NBL 7,720,116 at $1.25	9,650
– Contingent consideration	3,173
Total consideration	78,352
Net identifiable assets acquired	
– Trade and other receivables	1,625
– Inventories	20,687
– Other current assets	857
– Property, plant and equipment	19,756
– Intangibles	65
– Brand Names	36,300
– Deferred tax assets	8,418
– Trade and other payables	(30,032)
– Deferred tax liabilities	(10,890)
– Provisions	(7,059)
Net identifiable assets acquired	39,727
Goodwill on acquisition	38,625

Transaction costs of $2.2m and restructuring costs of $3.3m were recognised in respect to this acquisition for the full year and are included in the consolidated statement of profit or loss and other comprehensive income.

As the acquisition occurred on 5 September 2016, the revenue and profit of the Group for the year ended 2 July 2017 reflects trading for 5 September 2016 to 2 July 2017 of the acquired business.

AASB 3 Business Combinations requires disclosure of both the revenue and profit and loss of the acquired entities from the date of acquisition, and disclosure of revenue and profit and loss for the current reporting period as though the acquisition date for all business combinations had been as of 27 June 2016 (commencement of the financial period). The acquired entities contributed revenues of $199m to the Group for the period from 5 September 2016 to 2 July 2017. Management has however determined that disclosure of the profit and loss of the acquired entities from date of acquisition and the revenue and profit and loss of the Group (as though the acquisition date had been as of 27 June 2016) is impracticable after considering various factors including the pre-acquisition operating environment of the acquired Pretty Girl Fashion Group entities and the effective merger of the acquired entities into the marketing, production, distribution and other activities of the Group.

Contingent consideration

As part of the acquisition a contingent consideration is due subject to meeting sales measures in FY2017 and FY2018. At the half-year ended 25 December 2016, management initially provisionally determined that no payment was likely to be made. However based on the facts that existed at acquisition date surrounding forecast sales performance, management have reassessed and determined that a payment is likely to be made for the FY2018 year. A contingent consideration of $3.17m has been provisioned for FY2018 (2017: nil).

Provisional amounts

At the half-year ended 25 December 2016, the Group provisionally accounted for the acquisition in accordance with AASB 3. Following on from the half-year, new information was obtained around certain operations and activities that existed at acquisition date which were previously provisioned. This has resulted in an adjustment to the deferred tax assets, trade and other payables and provisions of the net identifiable assets acquired.

Recognition and measurement

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.

NOTE 28. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each party guarantees the debts of the others:

- Noni B Limited
- Noni B Holdings Pty Limited
- Pretty Girl Fashion Group Holdings Pty Ltd
- Pretty Girl Fashion Group Pty. Ltd.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under ASIC Legislative Instrument 2016/785.

The above companies (excluding Noni B Limited as parent entity) represent a 'Closed Group' for the purposes of the legislative instrument. The financial information pertaining to the Closed Group is the consolidated financial information in the report less the information of the parent entity as disclosed in Note 25.

	Closed Group 2017 $'000
Statement of financial position	
ASSETS	
Current assets	26,395
Non-current assets	26,004
TOTAL ASSETS	52,399
LIABILITIES	
Current liabilities	43,299
Non-current liabilities	9,100
TOTAL LIABILITIES	52,399

The financial results of the Closed Group contributed $3.62m in profit which was distributed to the parent entity by way of a dividend during the year.

NOTE 29. CASH FLOW INFORMATION

	Consolidated Group 2017 $'000	2016 $'000
Reconciliation of Cash Flows from Operating Activities with Profit after income tax		
Profit after income tax	3,253	2,210
Non-cash flows in profit:		
– depreciation	7,849	2,205
– amortisation	171	57
– write-off of obsolete stock	2,709	622
– write-off of capitalised expenditure	1,142	20
– net gain on disposal of property, plant and equipment	(71)	(83)
– unrealised loss on investments and derivatives	1,442	314
– share based payments	595	402
– adjustments to goodwill balance	(458)	–
Change in assets and liabilities:		
– increase in trade and other receivables	(2,448)	(1,317)
– increase in inventories	(20,534)	(2,129)
– (increase)/decrease in deferred tax assets	(11,289)	1,150
– increase/(decrease) in deferred tax liabilities	11,162	(22)
– increase in trade and other payables	27,009	4,705
– increase in financial instruments	1,459	–
– increase in tax liability	3,843	–
– increase/(decrease) in provisions	7,571	(463)
Net cash flow from operating activities	33,405	7,671

NOTE 30. EARNINGS PER SHARE

	Consolidated Group 2017 $'000	2016 $'000
Earnings per share for profit		
Profit after income tax	3,253	2,210
Profit after income tax attributable to the owners of Noni B Limited	3,253	2,210
	Number '000	Number '000
Weighted average number of ordinary shares used in calculating:		
– basic earnings per share	70,637	35,981
– diluted earnings per share	70,637	35,981
Basic earnings per share (cents per share)	4.6	6.1
Diluted earnings per share (cents per share)	4.6	6.1

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.

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.

NOTE 31. 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 volatility calculation is based on historical share prices. 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. No shares have been forfeited, exercised or expired during the year.

The assessed fair value and model inputs for rights over share grants which were in force during the year ended 2 July 2017 were as follows:

Performance Share Rights

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Interest rate	Number of rights available
27/10/2015	27/10/2018	$ 0.10	$ 1.00	$ 0.90	–	–	850,000
08/08/2016	07/08/2021	$ 0.44	$ 1.33	$ 1.33	35%	1.54%	100,000
19/08/2016	18/08/2021	$ 0.47	$ 1.33	$ 1.25	35%	1.54%	1,450,000
19/08/2016	18/08/2021	$ 0.39	$ 1.33	$ 1.50	35%	1.54%	300,000
19/08/2016	18/08/2021	$ 0.32	$ 1.33	$ 1.75	35%	1.54%	300,000
17/02/2017	16/02/2022	$ 0.48	$ 1.46	$ 1.47	35%	1.54%	250,000
10/05/2017	09/05/2022	$ 0.55	$ 1.65	$ 1.63	35%	1.54%	50,000
24/05/2017	23/05/2022	$ 0.54	$ 1.63	$ 1.64	35%	1.54%	175,000

Investment shares

Service conditions only apply to these offers as follows:

Grant date	Expiry date	Fair value at grant date	Share price at grant date	Exercise price	Volatility	Interest rate	Number of rights available
26/06/2015	31/10/2015	$ 0.20	$ 0.70	$ 0.51	47%	2.78%	1,764,705

The total charge arising from share based payment transactions during the year as part of employee benefit expense was $595,054 (2016: $401,390).

Recognition and measurement

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.

NOTE 32. EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 2 July 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 of Noni B Limited for the financial year ended 2 July 2017 are in accordance with the *Corporations Act 2001* including:
   a) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   b) give a true and fair view of the financial position as at 2 July 2017 and of its performance for the financial year ended on that date, and
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
3. in the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee

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.

Richard Falcioni
Chairman

28 August 2017

Scott Evans
Managing Director

28 August 2017

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Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Noni B Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Noni B Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 2 July 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 2 July 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue, totalling $311,483,000 as disclosed in Note 3 is significant to our audit and it is a focus of management as a key driver to the business. Additionally, revenue is significant because it is the basis for the calculation of the contingent consideration associated with the acquisition of Pretty Girl Fashion Group.

The Group records revenue at the fair value of consideration received at the point of sale which is where the customer has taken delivery of the goods.

Our audit procedures included, amongst others, reviewing the revenue recognition policy for all material sources of revenue to ensure that revenue was being recognised appropriately, in line with Australian Accounting Standards and policies disclosed within the financial statements. With the assistance of internal IT audit experts, we tested the operating effectiveness of controls surrounding the transfer of sales data from the point of sale system (at stores) to the general ledger. We also tested the operating effectiveness of controls surrounding the revenue cycle, including evaluating whether an accurate cut-off had occurred. We also performed a variety of detailed analytical procedures which included comparing revenue on a monthly basis with expectations.

Valuation of the brand names from the acquisition of Pretty Girl Fashion Group

As disclosed in note 27, the Group acquired the Pretty Girl Fashion Group during the year ended 2 July 2017. As required by AASB 3 *Business Combinations*, the Group performed a review for other intangible assets acquired as part of the acquisition, treating the remaining excess of purchase consideration over the identifiable net assets acquired as goodwill. This is significant to our audit because it resulted in the recognition of brand names of $36,300,000.

The Group determined the value of the brand names by using a relief from royalty method model with the assistance of an expert. The valuation process is judgemental and is based on assumptions, specifically in relation to revenue forecasts, discount rates, and royalty rates, which are affected by the general economic environment.

Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group to value the brand names. We evaluated whether management's expert had the necessary competence, capabilities, and objectivity. We obtained an understanding of the work of management's expert including an understanding of the underlying assumptions and evaluated the management's expert's work.

In addition, we compared FY 2017 actuals against FY 2018 forecasts and tested that forecasts used in the model were consistent with the most up to date budgets and business plans formally approved by the Board. We also considered the adequacy of disclosures made in the financial statements.

Accounting for the deferred tax components associated with the acquisition of Pretty Girl Fashion Group

As disclosed in note 27, the Group acquired the Pretty Girl Fashion Group during the year ended 2 July 2017. A deferred tax asset and liability was recognised on acquisition. This is significant to our audit because it resulted in a deferred tax asset of $8,418,000 and a deferred tax liability on the acquisition of indefinite lived intangibles in the amount of $10,890,000.

The Group valued the deferred tax asset acquired based on temporary differences and allowable carried forward losses. They valued the deferred tax liability based on the expected future use of the brand names. The Group used an expert to assist in determining the deferred tax asset and liability values. The calculation process is judgemental and is based on assumptions, specifically in relation to expected use.

Our audit procedures included, amongst others, using an internal tax expert to assist us in evaluating the assumptions and methodologies used by the Group to value the deferred tax asset and liability. In conjunction with our internal tax expert, we evaluated whether management's expert had the necessary competence, capabilities, and objectivity. We obtained an understanding of the work of management's expert including an understanding of the underlying assumptions and evaluated the tax values calculated.

Valuation of inventory

The valuation of inventory is significant to our audit because as at 2 July 2017, the Group held inventory of $29,243,000, which is disclosed in note 8. Due to the industry in which the Group operates, the items held in inventory have an inherent risk of obsolescence.

The Group determined the inventory obsolescence provision based on the age of inventory and expected future sales. The valuation process is judgemental and is based on assumptions, specifically those in relation to expected future sales, which is affected by the general economic environment.

Our audit procedures included, amongst others, analysing turnover compared to prior periods. We agreed a sample of inventory on hand to initial purchase invoices and subsequent sales invoices to compare the carrying amount to the net realisable value. We evaluated assumptions applied in the calculation for the inventory obsolescence provision.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 2 July 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 2 July 2017.

In our opinion, the Remuneration Report of Noni B Limited, for the year ended 2 July 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 28 August 2017

ADDITIONAL INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 31 July 2017 (Reporting date)

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the business of the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations* (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.nonib.com.au), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on its website www.nonib.com.au

NUMBER OF HOLDERS

As at the Reporting Date, the number of holders in each class of equity securities:

Class of Equity Securities	Number of holders	Number of shares on issue
Fully paid ordinary shares	372	79,983,300

VOTING RIGHTS OR EQUITY SECURITIES

The only class of equity securities on issue in the Company are ordinary shares.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

The distribution of holders of equity securities on issue in the Company as at the Reporting date is as follows:

Distribution of ordinary shareholdings	Holders	Total Units	%
Size of Holding			
1 – 1,000	96	40,067	0.05
1,001 – 5,000	110	301,132	0.38
5,001 – 10,000	40	293,542	0.37
10,001 – 100,000	91	3,021,588	3.78
100,001 and over	35	76,326,971	95.42
Total Number of Shares	372	79,983,300	100.00

LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES (UMP SHARES)

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting date is as follows:

Total shares	UMP shares	UMP Holders	% of issued shares held by UMP holders
79,983,300	2,390	40	0.02988

ADDITIONAL INFORMATION
CONTINUED

SUBSTANTIAL HOLDERS
As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Holder of Equity Securities	Number of Equity Securities held	% of total issued securities
Alceon Group Pty Limited	39,334,315	49.50
LHC Capital Partners Pty Ltd	8,631,678	10.81
Wilson Asset Management	5,631,074	7.08

TWENTY LARGEST SHAREHOLDERS
The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary Shares	
Holder name	Number Held	% of total shares issued
Alceon Group Pty Ltd	14,818,231	18.53
Alceon Group Pty Ltd	13,915,843	17.40
Alceon Group Pty Ltd	10,052,084	12.57
UBS Nominees Pty Ltd	7,605,780	9.51
RBC Investor Services Australia Nominees Pty Ltd	5,117,887	6.40
Mr. Scott Graham Evans	3,378,862	4.22
Citicorp Nominees Pty Limited	2,956,054	3.70
J P Morgan Nominees Australia Limited	2,954,347	3.69
HSBC Custody Nominees (Australia) Limited	1,820,648	2.28
Vacuna Nominees Pty Ltd	1,800,000	2.25
National Nominees Limited	1,756,583	2.20
BNP Paribas Nominees Pty Ltd	1,434,814	1.79
Morphet Investments Pty Ltd	1,380,392	1.73
Mrs. Simone Robyn Evans	1,184,313	1.48
Fitzroy Super Pty Ltd	980,392	1.23
Rotarn Pty Ltd	584,157	0.73
Mr. Luke Anthony Softa	500,000	0.63
Mrs. Ellen Oi Wah So	377,574	0.47
Johalius Investments Pty Limited	376,236	0.47
Prussner Investments Pty Ltd	356,000	0.45
Total	**73,350,197**	**91.73**

OTHER INFORMATION
The Company is currently conducting an off-market Employee Share Scheme Buy-back under which it intends to buy back 175,000 shares issued under the Company's Employee Share Plan at the following prices:

- $1.47 per share for 150,000 shares
- $1.64 per share for 25,000 shares

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

CORPORATE DIRECTORY

DIRECTORS
Richard Facioni
Scott Evans
David Wilshire
Sue Morphet
Bradley Kady (appointed 5 September 2016, resigned 14 March 2017)

COMPANY SECRETARY
Luke Softa

NOTICE OF ANNUAL GENERAL MEETING
The Annual General Meeting of Noni B Limited will be held at:
Museum of Sydney
Cnr of Phillip Street and Bridge Street
Warrane Theatre
Sydney, NSW 2000
Date: Friday 17th November 2017
Time: 11:00AM

REGISTERED OFFICE
Noni B Limited
Ground Floor, 61 Dunning Avenue
Rosebery NSW 2018

Telephone: (02) 8577 7777
Facsimile: (02) 8577 7887

ABN: 96 003 321 579

SHARE REGISTRY
Computershare Registry Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000
Telephone: 1300 556 161

AUDITOR
BDO East Coast Partnership ("BDO")
1 Margaret Street
Sydney NSW 2000

BANKERS
ANZ
242 Pitt Street
Sydney NSW 2000

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

ASX code: NBL

WEBSITE
www.nonib.com.au

CORPORATE GOVERNANCE STATEMENT
www.nonib.com.au/nonibgroup/corporate-governance

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