



NONI B
Group

ANNUAL REPORT 2019



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

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Over the past 5 years Noni B Group has grown to be one of the largest fashion retail groups in Australia.

Our brands include Millers, W.Lane, Noni B, Rivers, Katies, Autograph, Rockmans, Crossroads, and beme, we span Australia and New Zealand with a digital presence and a network of 1,379 stores. Our collective purpose is to help our customers express their love of life – by embracing the truth that every occasion is a special occasion worth feeling fabulous for.



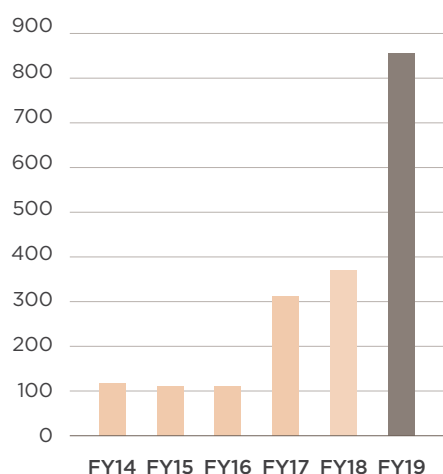
RESULTS

IN BRIEF

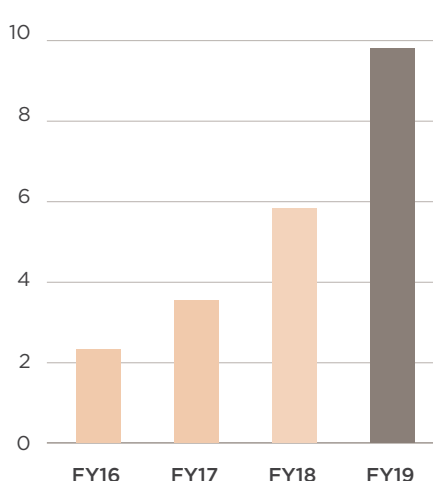


The following charts reflect Noni B Group's journey since 2014.

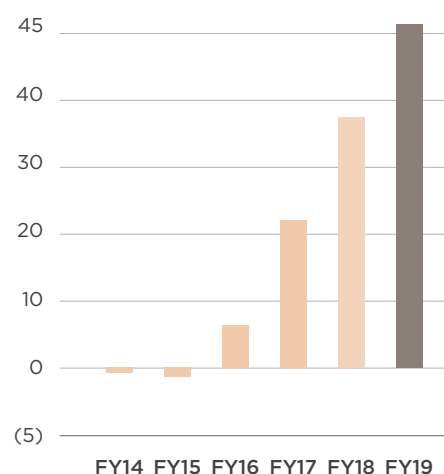
GROUP REVENUE \$m



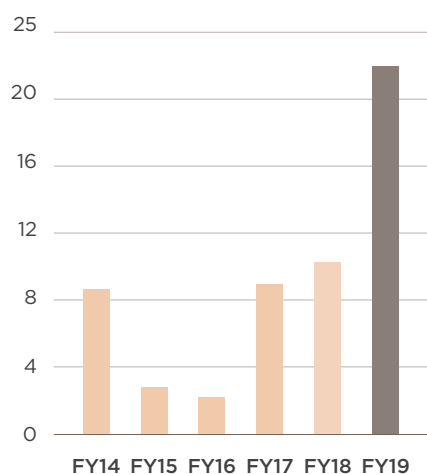
ONLINE SALES % of group revenue



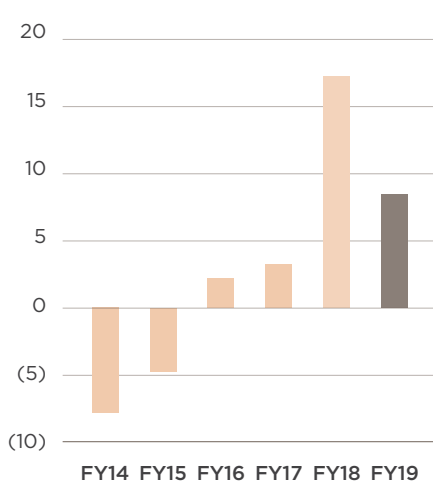
EBITDA¹ \$m



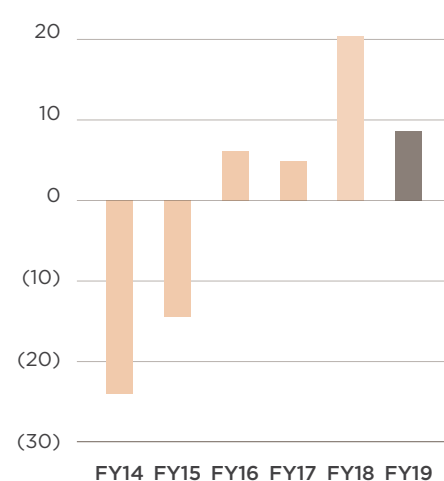
DEPRECIATION \$'000



NET PROFIT AFTER TAX \$m



EARNINGS PER SHARE cents



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

2. Increase in depreciation in FY2019 is linked to the acquired brands and has no operating cash flow impact.



CHAIRMAN'S REPORT

FY2019 was another very successful year for Noni B Group. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 22% to \$45.5 million at the same time as we consolidated and integrated five additional brands acquired from Specialty Fashion Group on 2 July 2018.

This result, at a time of considerable change within the business and an uncertain economic climate globally and domestically, was a significant achievement. When we announced the acquisition of the Specialty brands, we conservatively expected them to break-even on an EBITDA basis in FY2019, returning to profit in FY2020. We achieved anticipated synergies and merger benefits ahead of schedule and identified additional efficiencies, resulting in the five brands, collectively, making a positive earnings contribution for the year.

Net profit after tax (NPAT) was \$8.2 million (FY2018: \$17.3 million) after \$9.1 million of restructuring costs before tax and \$10.6 million of additional depreciation relating to the acquired brands. The additional depreciation charges had no cash flow impact.

The company's balance sheet continued to strengthen, with positive operating cash flow of \$23.5 million and net cash of \$7.1 million at year-end. As a result of the strong financial position and the increase in underlying earnings per share, the Board has declared a final fully franked dividend of 5.5 cents per share, up from 4 cents in FY2018, payable on 24 October 2019. This follows the 9 cents fully franked interim dividend paid in March 2019. Whilst this represents a high payout ratio based on underlying net profits, it reflects our confidence in earnings growth in FY2020.

I am grateful to all members of our team – both in our stores and in our support centre – for an extraordinary effort over the past year and thank them for achieving this strong performance. As the business continues to grow, we maintain our focus on attracting the best people and ensuring the Group has the breadth and depth of management to achieve that growth.

We have strengthened our Board with the appointment of Jacqueline A. Frank as a Non-Executive Director. Jackie was the inaugural editor of Australian Marie Claire magazine and General Manager of Pacific Magazines, overseeing its fashion, beauty, health and customer sections, and she

has a long track record of building and developing brands. She has also been a strong advocate for equal rights in the workplace.

We are proud of the Group's diversity, with women filling 64% of the top 22 executive positions and now making up 50% of the Company's Non-Executive Directors. As one of Australia's largest retail fashion groups, our Board takes its corporate and social responsibilities seriously and works closely with suppliers to ensure our ethical sourcing policies are upheld.

We will continue to review growth opportunities through acquisitions to expand our current business. Our brands' strong customer loyalty offers considerable potential to broaden the range of products we sell and we plan to capitalise on this during the coming year with accelerated investment in our online strategy.

Together with additional stores, this strategy is expected to grow the Group's underlying earnings, with FY2020 results benefiting in full from the synergies and operational improvements achieved during the past year.

We are now a significant multi-brand retail group, and we believe this should be reflected in the company's corporate branding. Accordingly, at the annual general meeting in November we will invite shareholders to approve a change in the company's name to Mosaic Brands Ltd. This is another significant milestone for the Group and reflects the synergistic and complementary collection of brands that are now part of the portfolio.

The Group has a highly skilled and committed executive team, focused on achieving sustainable sales and earnings growth by placing the customer at the heart of everything we do. I thank Scott and his team for their outstanding achievements over the past year, and also my fellow Non-Executive Directors – Sue Morphet, Jackie Frank and David Wilshire – for their ongoing support and guidance.

RICHARD FACIONI

CHAIRMAN

27.08.19

MANAGING DIRECTOR'S REPORT

I am very pleased with Noni B Group's FY2019 results, which continued the substantial improvements seen since FY2015. After four years of comparable store growth, we changed strategy in FY2019 and focused on margin, and this enabled us to achieve underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$45.5 million.

On 2 July 2018, Noni B Group successfully completed the acquisition of a portfolio of five women's fashion brands from Specialty Fashion Group, transforming the company into one of the dominant retail fashion groups in Australia and New Zealand, while reinforcing the focus on our specific market segment. The acquired portfolio had been unprofitable for some time but the five brands complemented our existing business and we saw the opportunity to achieve \$30 million in cost synergies. Following the acquisition, we focused on executing the strategies that restored the original Noni B business to profit within 12 months and increased Pretty Girl Fashion Group profits significantly within eight months.

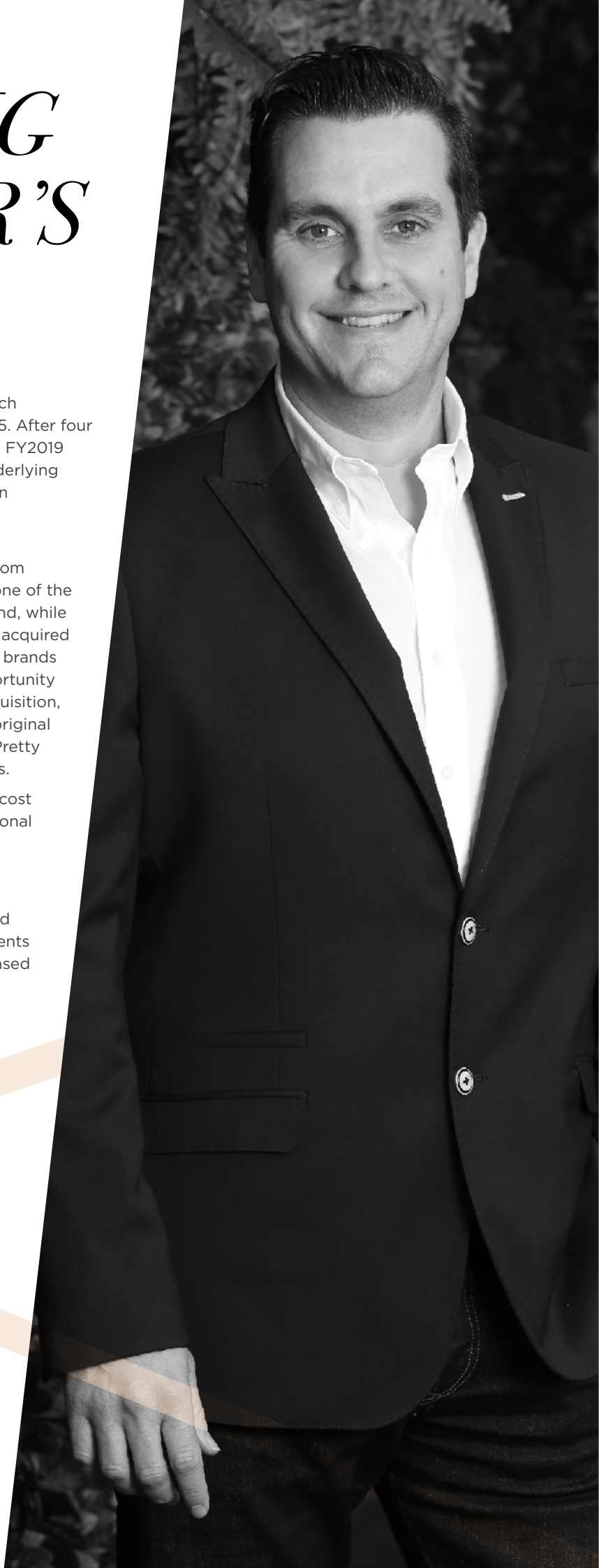
In November 2018, we were pleased to announce that the cost synergies of \$30 million had already been achieved, additional annualised savings of \$20 million had been identified and the portfolio was expected to generate positive EBITDA for FY2019. .

In February 2019, we indicated that FY2020 earnings would benefit from yet further efficiencies and margin improvements due to the Group's focus on profitable sales. I am very pleased that, as at 30 June 2019, the Group had cemented cost savings of \$70 million, of which \$30 million are yet to be reflected in earnings and will be fully realised in FY2020.

Achievements of FY2019

The increase in the Group's FY2019 underlying EBITDA to \$45.5 million from \$37.2 million the previous year was delivered despite a difficult trading environment. It reflected more than just cost savings; in addition to consolidation of supply chains and integration of all back-office and IT systems, there were improvements throughout the business, including working capital, that will further benefit future years' performance.

With nine brands and an expanded store footprint, we have an increased amount of data that has enhanced our understanding of each brand's customers, their product preferences, shopping habits and behaviours. These insights have guided our decisions across the Group to improve all aspects of our customers' journey





Millers
WOMAN

BEFORE

AFTER



from product collections to store rostering, as well as increasing their emotional engagement and experience.

We now have 6,803 team members, compared with 3,139 at the end of FY2018. The Group's core values and 'can do' culture continue to evolve, with increased focus on training to ensure we deliver superior in-store experience and service. Our values reflect the heart and soul of the Group and influence how we interact with each other, our customers and our suppliers. A core asset and key differentiator is the Noni B Group team, which continues to focus on the customer and go 'above and beyond' to ensure we continually exceed her expectations. I thank our team members for their support, hard work and achievements during the many changes over the past year.

Our omni-channel strategy will be a pillar of the Group's growth in FY2020 and beyond. We continue to invest in this, expanding our dedicated team, adding new digital marketing channels and improving customer experience. In FY2019 online sales increased by 4.0% to 9.8% of total Group sales.

We refined our expanded store network, investing in 40 stores in new locations and closing 87 stores as a result of unfavourable rental agreements. At the end of June 2019, we were successfully operating 1,379 stores, compared with 641 a year earlier.

Partnerships with key suppliers were consolidated and strengthened, leading to improvements in the supply chain, both reducing the cost of goods and increasing speed to market to meet customers' changing demands faster.

In summary, we are a very different company than a year ago. The changes we have made have created a stronger and more profitable business which is financially stable, generates cash and provides a solid platform for future expansion.

Looking ahead

We continue to put the customer at the heart of everything we do. We will build on and further strengthen our relationship by engaging on all platforms and offering a growing selection of products.

The momentum I mentioned in last year's annual report is accelerating and, following substantial progress in the past year, we expect underlying EBITDA in FY2020 to be in line with market consensus of \$75 million. We are excited about the potential to be unlocked by greater analysis of our Group's data, store expansion and online strategies, and we look forward to further revenue and earnings growth in FY2021 and beyond.

SCOTT EVANS

MANAGING DIRECTOR

27.08.19



BEFORE

AUTOGRAPH

AFTER



2019 BRANDS

IN REVIEW

Each with its unique personality, our brands all cater to individual customer needs and desires.

Classic



Millers
WOMAN

Millers understands that style is timeless. We are the destination for **affordable, ageless fashion** that **doesn't compromise** on comfort or fit. We're here to admire and celebrate our customer and all her life achievements and experiences.






We understand her and what is precious to her, but most importantly, that we know how to make her look & feel incredible.

W·LANE

The W.Lane lady is understated and timeless, she has an active and fulfilling lifestyle. She loves to travel, is adventurous in spirit, and keeps her style looking fresh and now.

We pride ourselves on **travel-ready, easy-care items** that celebrate the comfort of natural fibres that is unique to W.Lane. Colour, print and texture make her feel inspired, while quality, **one-of-a-kind details** and **personalised service** give her a sense of value. We help her take on, and travel the world.



		<i>Millers</i> WOMAN	W·LANE	NONI B	
STORES		286	107	217	133
MEMBERS		4.5 m	1.6 m	2 m	3.4 m
ONLINE VISITS		9.8 m	4.6 m	5.8 m	8.1 m
EMAIL SUBSCRIBERS		751k	526k	269k	806k



NONI B

The NONI B woman believes that every day is a special occasion worth feeling fabulous for. She is looking for classic, timeless style that makes her feel beautiful. Whether she's working or spending time with family, the NONI B woman embraces life.






We help her express her love of life, by acting as a style authority, providing her with **smart dressing** and **smart casual** fashion that's **classic, timeless and elegant**.



With a positive attitude, the Rivers customer is stylish, outgoing and full of energy.

At Rivers, we're kitting out our customers with everything they need from head to toe. We provide value driven fashion with great fit and quality that looks good and takes our customers from day to night.



		KATIES	AUTOGRAPH	 rockmans	crossroads	beme
STORES		138	88	295	80	35
MEMBERS		2.8m	1.2m	3.9m	2.5m	778k
ONLINE VISITS		7.7m	5.7m	9.1m	5.7m	3m
EMAIL SUBSCRIBERS		617k	247k	526k	500k	175k



KATIES

Embracing life with a thirst to be inspired, the Katies woman constantly seeks clothes to match her personality and individual style. She covets modern, feminine fashion and will always gravitate towards stylish, easy-wear pieces that can be dressed up or down.

We create **unique and versatile fashion** to match her style, through effortless and flattering fabrications.

AUTOGRAPH

Autograph specialises in designing, fitting and styling plus-size women in sizes 14 to 26. Our aim is to create modern attainable fashion that inspires and empowers women to step out looking great and feeling confident.

We're all about being inclusive, and helping our customer feel her best with a signature style. Autograph is her go-to-source for all occasions.



R rockmans

The Rockmans girl is bright, happy, fun & free with a desire to be inspired, a desire for value. She loves living life on her own terms and celebrating in style. She understands quality and seeks real value – these are the drivers of her shopping experience.

Offering **aspirational style at an affordable price**, we own **print and colour**, as we know it makes our customer feel that they can have fun in every moment.



crossroads

Having her own rules of fashion and her own bold, characteristic style. The Crossroads customer is fun, vibrant and confident, she doesn't take herself too seriously and will always be 'forever 30'. The Crossroads woman expresses herself through her wardrobe, with styles that fit, flatter and allow her to live life fabulously.

We're **cheeky, sassy** and we deliver fashion that **stands out from the crowd**, just like she does. We help make our Crossroads customer be the life of the party.



beme

Feminine, fashionable and full of life, the beme woman is busy with work, family and an active social life. She loves fashion, she loves life.

We provide style inspiration, focusing on **fit, shapes and gorgeous detail** that help make her shine every day for every occasion.

beme



ONLINE

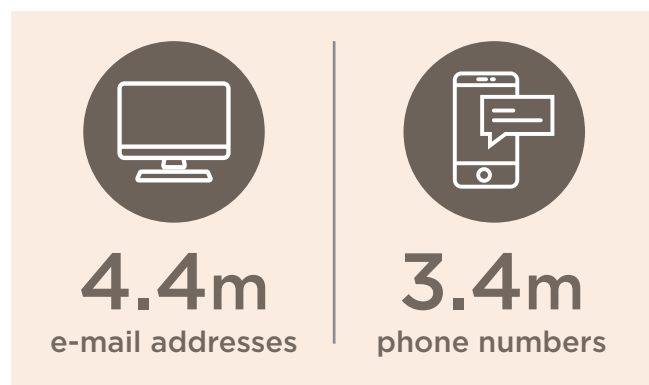
GROWTH

WE DELIVERED 
1.26 million ORDERS IN
THE LAST 12 MONTHS

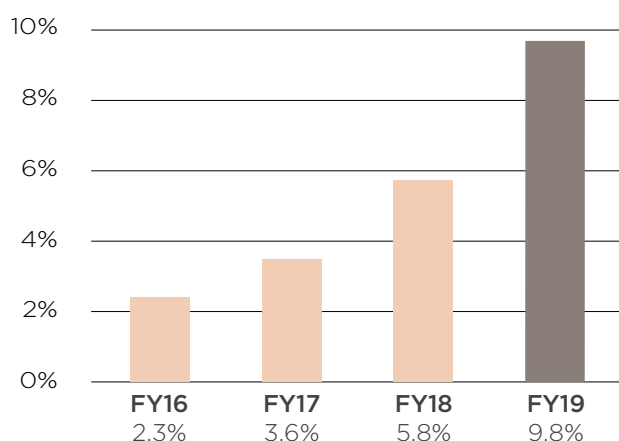
Continued Focus and Investment in Online

Key Achievements

- Standardised operating platform improves shopping experience and increases the speed to market for new site enhancements.
- Click & collect across 1,379 stores delivers a true multi-channel experience.
- Increased product inventory on all sites.
- Further team investment to continually improve customer experience and achieve growth goals.
- Database increased to 4.4 million email addresses and 3.4 million phone numbers, there are 5.8 million women in Australia who are our target demographic.



Online Sales Contributions



COMPARABLE SALES
GROWTH OF **21%** VS
LAST YEAR



SALES GROWTH ON
ACQUIRED BRANDS GREW
15% (FROM +9% IN FY18)



ONLINE VISITS
GREW BY **14%**
ON LAST YEAR



ONLINE SALES WERE
9.8% OF GROUP SALES
PLUS SIZE CONTRIBUTION
OF **23.1%**



ONLINE CONVERSION
RATE INCREASED BY
23% ON LAST YEAR

* Based on all 9 brands this year and last year.





ETHICAL SOURCING

A fundamental part of Noni B Group's ethical sourcing strategy is to limit the number of vendors used to supply our product, and to work with vendors where we have established close and long term relationships. In the past 12 months, the Group has carried out an extensive review of our vendor base, and has made great progress in reducing the number of active vendors to ensure that we are important and meaningful to those remaining.

Noni B Group commits to a strict ethical sourcing policy and responsible sourcing practices. We work in close partnership with suppliers, manufacturers, contractors and consultants that are like minded and share our ethical philosophy and behaviours. We support this through our sourcing and procurement processes, our policies and our principles of behaviour.

Our ethical sourcing policies are applied to all vendors regardless of where they are located. All supply partners must adhere to the Group's ethical sourcing standards which are based on and aligned with the Ethical Trade Initiative (ETI) base code and its principles of continuous improvement. We will not knowingly source product from any vendor that does not comply with these ethical sourcing standards and they form part of all Group product purchasing decisions.

As part of complying with the Group's ethical sourcing policy, and responsible sourcing practices, all vendors, their factories and authorised subcontractors must also adhere to and demonstrate continuous improvement in line with the Noni B Group code of practice, which is based on and supports the principles of the ETI (Ethical Trading Initiative):

- Child labour will not be permitted;
- 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;
- Discrimination should never be permitted;
- Regular employment is provided; and
- No harsh or inhumane treatment is allowed.

Sourcing Policy Assurance

Social and ethical implications are considered in all Group product purchasing decisions. Factories supplying our products, as well as their subcontractors, are audited by accredited independent auditors. These are reviewed on a regular basis, so we can be certain they are adhering to the Group code of practice, the ETI base code and the requirements of the Modern Slavery Act.

All vendors to the Group must sign the Noni B Group supply terms and conditions, which includes the ethical sourcing policy, ETI base code, anti-corruption, chemical / process policies and commitments to transparency, prior to conducting any business with the Group.

Ethical Raw Material Procurement

Our sourcing commitment is supported by a number of initiatives relating to raw materials, including restrictions on where our raw materials can be sourced, and restrictions on how the materials are processed for our final product. These restrictions cover cotton sourcing, angora, azo dyes, and sandblasting restrictions.

PEOPLE & CULTURE

We put the customer at the heart of everything we do. We deliver consistent growth and success through a core focus on service, execution and differentiation.

OUR VALUES

Our values guide us in everyday interactions with our customers and our teams. We believe in continuous improvement; we are constantly learning and growing.

Combined, our values form a culture that is unique. We live our purpose with shared values and behaviours.

OUR PRODUCTS

Our products are unique and deliver against a specific customer need and desire. They inspire our customers and they help them live the lives they want.

OUR CUSTOMER EXPERIENCE

The shopping experience is just as important as our products. We invite our customers to discover; we create surprise; and we deliver great service that's second-to-none.

Instore

We've invested in our stores and teams to ensure that we deliver the best in-store experience and service, to ensure that we exceed our customers expectations always.

Online

We've listened to what our customers want and have built an omni-channel that's simple, seamless and fast.

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



WHAT OUR TEAM HAVE TO SAY

"I love Millers. I have been with the company for six years and being a part of the Millers team is like having an extended family. Not only do we share common goals such as helping our ladies feel like a million dollars in affordable fashion, but we all help, support and encourage each other. Women helping women! That is so rare these days!"

Lalaynia Webster - Millers, Townsville

"Working for NONI B turns everyday life into your own fashion show. We have so much fun with customers; creating a positive vibe and making them smile. It's the best job - we help our ladies of all ages and cultural backgrounds to look and feel great for any occasion and just in every day of their life. The best reward? Having our grateful customers come back."

Mila Effingham - NONI B, Tea Tree Plaza

"After 17 years of working for the company, nothing brings me more job satisfaction than the repeat business received from our very loyal and satisfied customers, who love shopping at W.Lane Macarthur Square and wearing our brand. Our customer always leaves with a smile!!"

Vicki Brown - W. Lane, Macarthur Square

"I have been working for the Rockmans brand for 14 years now. Over the years the company has allowed me to grow and assume many Store Manager roles at different stores. I love that there is room for progress within the company and the support that I have received over the years. I just love styling my customers and having them walk out happy with their new outfits that I have helped them create."

Narelle Richens - Rockmans, Mount Gravatt

"I love working with the company because I enjoy helping our lovely ladies feel great about themselves. I've met a lot of wonderful people, as colleagues and coming through our doors from all walks of life. It's an amazing atmosphere where you can just be yourself and share life experiences of all kinds. It makes us all appreciate what we really have".

Jemma McKinnon - Autograph, Wodonga

"My inspiration for working in plus size for the beme brand is the feeling that it gives me when I have a lady walk out of my store looking - and especially feeling - like a million dollars. I'm really passionate about making women feeling empowered and one of the ways I do that is to make them look amazing, this in turn makes them feel confident. First appearances always count, so looking great is very important."

Tracy Lochhead - beme, Robina



BOARD OF DIRECTORS



Richard Facioni

CHAIRMAN, NON-EXECUTIVE DIRECTOR

Joined the Board in November 2014

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 private equity practice of Alceon Group and represents Alceon's investment in Noni B. He also oversees and is a Director of Alceon's other retail investments including EziBuy Limited, SurfStitch Pty Limited and Cheap as Chips Discount Stores Pty Ltd. 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 Member of the Australian Institute of Company Directors; Fellow of the Financial Services Institute of Australasia (FINSIA).

SPECIAL RESPONSIBILITIES: Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.



Scott Evans

CEO, MANAGING DIRECTOR

Joined the Board in November 2014

Scott has over 20 years' experience in international retailing leading both private and public companies. Scott started in the United Kingdom with Marks & Spencer before transitioning to Managing Director of Greenwoods Menswear (150 store chain) where Scott orchestrated the sale of the business to Chinese brand Bosideng.

Scott moved to Australia and joined Specialty Fashion Group leading both Millers (largest ladies specialty brands in the country with a 400 store chain) and Crossroads (150 store chain). Scott then transitioned to the role of CEO at Bras N Things under the BBRC Group before taking on the opportunity at Noni B in November 2014.

QUALIFICATIONS: Scott holds a BTEC National Diploma in Business and Finance.



David Wilshire

NON-EXECUTIVE DIRECTOR

Joined the Board in November 2014

David has over 15 years' experience in mergers and acquisitions, capital markets and principal investment.

He is also a Director of Alceon's other retail investments including EziBuy Limited, SurfStitch Pty Limited and Cheap as Chips Discount Stores Pty Ltd. Prior to Alceon, David held roles within the corporate finance group of Babcock & Brown and the investment banking divisions of Goldman Sachs and Macquarie Group, where he helped numerous leading Australian and international companies across a broad range of industries with acquisitions, divestments and capital market transactions, as well as strategic advice.

QUALIFICATIONS: David holds a Bachelor of Commerce from the Monash University; Member of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES: Member of the Remuneration and Nomination Committee and Audit and Risk Committee.



Sue Morphet

NON-EXECUTIVE DIRECTOR

Joined the Board in February 2015

Sue Morphet has over 30 years of brand management and retail experience across Australia and New Zealand. Sue is currently a Non-Executive Director of Asaleo Care Ltd (since 2014), President of Chief Executive Women and Chairperson of National Tiles Pty Ltd. Sue was previously CEO of Pacific Brands Limited (2007 - 2012) having worked in the organisation for 12 years, most notably as Group General Manager of Bonds.

Other prior roles include Chairperson of Manufacturing Australia (2013 - 2015), Non-Executive Director at Fisher & Paykel Appliances Ltd (2014 - 2018) and Non-Executive Director of Godfreys Group Limited (2014 - 2018).

QUALIFICATIONS: Sue holds a Bachelor of Science and Education, University of Melbourne; Scholar, Mt Eliza Business School.

SPECIAL RESPONSIBILITIES: Member of the Remuneration and Nomination Committee, Chair of the Audit and Risk Committee.



Jaqueline Frank

NON-EXECUTIVE DIRECTOR

Joined the Board in May 2019

Jackie is one of Australia's most successful and highly regarded media executives with over 30 years' experience in publishing, management and marketing, brand innovation and retail consulting.

From 2014 to 2018, Jackie was General Manager of the health, fashion, beauty and lifestyle group at Pacific Magazines and successfully led the brand's multi-platform transformation, and new online-only brand launches.

In 2018, Jackie started her own company, Be Frank Group, helping brands engage with the female economy and to date has consulted to Hearst US, Bumble Australia, SEED Heritage, SCCI, Westfield, Ezibuy and McCann Agency Australia.

SPECIAL RESPONSIBILITIES: Member of the Remuneration and Nomination Committee.



Luke Softa

CFO, COMPANY SECRETARY

Appointed Company Secretary in March 2015

Luke has over 15 years' experience as a Chief Financial Officer within the Asian, American and Australian markets.

Luke has spent 18 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: Luke holds a Bachelor of Commerce and is a Fellow Certified Practising Accountant.

SPECIAL RESPONSIBILITIES: Secretary to the Remuneration and Nomination 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 52 week period ended 30 June 2019. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2019 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
Jacqueline Frank	Non-Executive Director (appointed 2 May 2019)

PRINCIPAL ACTIVITIES

The principal continuing 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

On 27 August 2019, the Noni B Board announced a final dividend of 5.5 cents (2018: 4.0 cents) per share with a record date of 10 October 2019 and payable to shareholders on 24 October 2019 (2018: 12 October 2018). This follows the interim dividend of 9.0 cents for the first-half ended 30 December 2018 which was paid to shareholders on 22 March 2019 taking total dividends for the year to 14.5 cents. In determining the final dividend, the Board considered the continuing improvement in the trading performance in addition to the strong cash generation during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 2 July 2018, the Group acquired the Millers, Autograph, Crossroads, Rivers and Katies brands from the Specialty Fashion Group through a business combination. The acquired brands operate within the retail of women's apparel and accessories thereby enhancing the product offering to the Group's core women's apparel market. The acquisition provides substantial synergies through combining supply chain and logistics, integrating online infrastructure and systems, optimising the store portfolio and leveraging the Group's expanded purchasing size. The financial report includes the results of the acquired brands 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 30 June 2019 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 30 June 2019 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 and New Zealand. During the 2019 financial year, the Group comprised of the Noni B, Millers, W.Lane brands ("Classic" brands) as well as Rockmans, Katies, Crossroads, Autograph, beme brands ("Contemporary" brands) and Rivers. The store portfolio ended the year at 1,379 (2018: 641).

Review of financial performance

Group revenue for FY2019 ended on \$881,920,000 (136.8% higher than the previous year) with a like for like sales growth of -4.3%. The total gross margin was 55.7% of sales and expenses (excluding cost of sales, finance costs

DIRECTORS' REPORT

and impairment) were 55% of sales (2018: 58%). The Group delivered an Underlying Earnings Before Interest, Taxation, Depreciation and Amortisation (adjusted)² (EBITDA) of \$45,458,000 compared with the Underlying EBITDA for the prior year of \$37,245,000.

A reconciliation of operating profit before income tax to underlying EBITDA is provided as follows:

	2019 \$'000	2018 \$'000
Underlying EBITDA	45,458	37,245
Transaction and restructuring costs 1	(9,139)	(496)
Net interest	(1,864)	(1,303)
Other finance income / (expenses) 2	(157)	183
Depreciation, amortisation and impairment expenses	(22,425)	(10,518)
Profit before income tax	11,873	25,111

1 Transaction costs of \$5,480,000 and restructuring costs of \$3,659,000 were recognised in respect of the acquisition of the Millers, Katies, Crossroads, Autograph and Rivers brands for the full year and are included in the consolidated statement of profit or loss and other comprehensive income.

2 Other finance income / expenses includes both the share based payment expense and unrealised foreign exchange (gain) / loss

Review of financial position

Noni B Limited ended the year with a cash and cash equivalent balance of \$36,612,000 (2018: \$58,697,000) and a total bank debt of \$29,482,000 (2018: \$20,434,000). Cash from operating activities resulted in an inflow of \$23,483,000 compared to \$21,728,000 in FY2018. Included in FY2019 were restructure costs of \$9,139,000 (2018: \$496,000), increase in paid dividends (\$2,713,000), additional taxes (\$7,433,000) and the acquisition payment for the five fashion brands (\$32,082,000).

Outlook

We continue to put the customer at the heart of everything we do. We will build on and further strengthen our relationship by engaging her on all platforms offering a growing selection of products.

The momentum mentioned in last year's annual report is accelerating and, following substantial progress in the past year, the Group expects underlying EBITDA in FY2020 to be in line with market consensus of \$75,000,000. The Group is excited about the potential to be unlocked by greater analysis of our Group's data, store expansion and online strategies and looks forward to further revenue and earnings growth in FY2021 and beyond.

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

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Board meeting		Audit and risk management committee		Remuneration and nomination committee	
	Held	Attended	Held	Attended	Held	Attended
Richard Facioni	12	12	3	3	3	3
Scott Evans	12	12	-	-	-	-
David Wilshire	12	11	3	3	3	3
Sue Morphet	12	11	3	3	3	3
Jacqueline Frank	2	2	-	-	-	-

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

INDEPENDENT DIRECTORS

The Directors considered by the Board to be independent are Sue Morphet and Jacqueline Frank.

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 as required by section 308 (3C) of the *Corporations Act 2001*, 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 30 June 2019.

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

DIRECTORS' REPORT

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 for the full financial year:

Richard Facioni	Chairman
Scott Evans	Chief Executive Officer and Managing Director
David Wilshire	Non-Executive Director
Sue Morphet	Non-Executive Director
Jacqueline Frank	Non-Executive Director (appointed 2 May 2019)

And the following Senior Executives:

Luke Softa	Chief Financial Officer and Company Secretary
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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:

	Short term benefits				Post employment benefits		Long term benefits	Share based payments	Total
	Cash salary and fees	Cash bonuses STI	Cash bonuses LTI	Non-monetary benefits	Super-annuation	Termination benefits	Long service leave	Equity settled	
2019	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors									
Executive Directors									
Scott Evans	1,173,477	237,500	-	24,831	25,000	-	36,728	237,500	1,735,036
Non-executive Directors									
Richard Facioni	185,000	-	-	-	-	-	-	153,586	338,586
David Wilshire	100,000	-	-	-	-	-	-	-	100,000
Sue Morphet	100,000	-	-	-	-	-	-	-	100,000
Jacqueline Frank	16,667	-	-	-	-	-	-	-	16,667
Other key management personnel									
Luke Softa	634,414	137,500	-	4,109	24,851	-	18,206	160,717	979,797
Total	2,209,558	375,000	-	28,940	49,851	-	54,934	551,803	3,270,086

	Short term benefits			Non-monetary benefits	Post employment benefits		Long term benefits	Share based payments	Total
	Cash salary and fees	Cash bonuses STI	Cash bonuses LTI		Super-annuation	Termination benefits	Long service leave	Equity settled	
2018	\$	\$	\$	\$	\$	\$	\$	\$	\$
Directors									
Executive Directors									
Scott Evans	784,262	-	-	25,880	24,299	-	11,579	316,037	1,162,057
Non-executive Directors									
Richard Facioni	185,000	-	-	-	-	-	-	153,586	338,586
David Wilshire	100,000	-	-	-	-	-	-	-	100,000
Sue Morphet	100,000	-	-	-	-	-	-	66,465	166,465
Other key management personnel									
Luke Softa	431,275	-	-	46	24,299	-	6,164	45,439	507,223
Total	1,600,537	-	-	25,926	48,598	-	17,743	581,527	2,274,331

2. REMUNERATION POLICY

Non-Executive Directors

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

Fee Pool

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

Fees

The Non-Executive Directors' base fee is set at \$100,000 per annum and the Chairman's fee is set at \$185,000 per annum. During the financial year ended 30 June 2019 the Group held a total of 18 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 (Note 24). 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 and Nomination 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.

DIRECTORS' REPORT

Components of Executive remuneration

Generally, Noni B provides selected Senior Executives with three components of remuneration, as follows:

- fixed remuneration is made up of basic salary, benefits, superannuation and other salary sacrifices. This is reflective of their roles, experience and level of responsibility and is reviewed annually against market data for comparable positions. Benefits may include car allowances;
- 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 and Nomination 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 and Nomination 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 of share plan and performance share rights are 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 share plan rights and performance share rights

Service conditions only apply to these offers as follows:

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

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

Performance Share Rights

These have a variety of market conditions (volume weighted average price) and non-market conditions being qualifying and non-qualifying leaver provisions.

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	700,000
19/08/2016	18/08/2021	\$ 0.39	\$ 1.33	\$ 1.50	35%	1.54%	300,000	175,000
19/08/2016	18/08/2021	\$ 0.32	\$ 1.33	\$ 1.75	35%	1.54%	300,000	175,000

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
19/08/2016	18/08/2021	\$ 0.47	\$ 1.33	\$ 1.25	35%	1.54%	250,000	145,833

Tranche 1 Performance Rights - these shares 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	882,479

Tranche 2 Performance Rights - these shares 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	882,479

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

Name	Fixed remuneration		Short term incentive		Long term incentive	
	2019	2018	2019	2018	2019	2018
Non-Executive Directors						
Richard Facioni	55%	55%	-	-	45%	45%
David Wilshire	100%	100%	-	-	-	-
Sue Morphet	100%	60%	-	-	-	40%
Jacqueline Frank	100%	-	-	-	-	-
Executive Directors						
Scott Evans	72%	73%	14%	-	14%	27%
Other key management personnel						
Luke Softa	70%	91%	14%	-	16%	9%

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

Name	2019	2018
Executive Directors		
Scott Evans	100%	-
Other key management personnel		
Luke Softa	100%	-

DIRECTORS' REPORT

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
Title:	Chief Executive Officer
Duration of agreement:	Employment agreement for Chief Executive 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.
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 chooses
Restraint Conditions:	Restraint period of 6 months
Name:	Luke Softa
Title:	Chief Financial Officer and Company Secretary
Duration of agreement:	Employment agreement for Chief Financial Officer operative until terminated by either party.
Termination payment:	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 chooses
Restraint Conditions:	Restraint period of 6 months

4. ADDITIONAL INFORMATION

The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019	2018	2017	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	881,920	372,426	316,756	110,478	110,412
Profit / (Loss) after income tax	8,130	17,293	3,253	2,210	(4,790)

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

	2019	2018	2017	2016	2015
Share price at financial year end (\$)	\$2.72	\$2.94	\$1.75	\$1.00	\$0.66
Basic earnings per share (cents per share)	8.4	21.3	4.6	6.1	(14.9)
Total dividends (cents)	13	13	-	-	-

Options held by Directors and key management personnel

There are no options outstanding at end of the financial year ended 30 June 2019 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	Shareholding at 1 July 2018 No.	Shares purchased or (sold) ordinary No.	Shares acquired under performance rights plan ordinary No.	Shareholding at 30 June 2019 No.
Richard Facioni	1,800,000	-	-	1,800,000
Scott Evans	4,745,314	-	-	4,745,314
David Wilshire	-	-	-	-
Sue Morphet	2,460,784	-	-	2,460,784
Jacqueline Frank	-	-	-	-
Luke Softa	957,909	(38,096)	-	919,813
TOTAL	9,964,007	(38,096)	-	9,925,911

This concludes the remuneration report which has been audited.

SHARES UNDER OPTION AND ISSUED ON THE EXERCISE OF OPTIONS

Details of the shares issued under the exercise of options and unissued ordinary shares under option at the date of this report can be found in Note 17 and 31 respectively.

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 22 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial 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 22 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

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

DIRECTORS' REPORT

AUDITOR

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

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.

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.

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

Sydney 27 August 2019



Scott Evans
Managing Director

Sydney 27 August 2019

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY GILLIAN SHEA TO THE DIRECTORS OF NONI B LIMITED

As lead auditor of Noni B Limited for the year ended 30 June 2019, 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.

A handwritten signature in black ink, appearing to read 'G Shea', with a stylized flourish at the end.

Gillian Shea
Partner

BDO East Coast Partnership

Sydney, 27 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated Group	
		2019	2018
	Note	\$'000	\$'000
Continuing Operations			
Revenue	3	864,493	364,152
Other income	3	17,427	8,274
Cost of goods sold		(382,783)	(132,680)
Expenses (excluding finance costs)	4	(476,001)	(212,715)
Transaction and restructuring costs	28	(9,139)	(496)
Finance costs	4	(2,124)	(1,424)
Profit before income tax		11,873	25,111
Income tax expense	5	(3,743)	(7,818)
Profit attributed to members of the parent entity		8,130	17,293
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		31	-
Other comprehensive income, net of tax		31	-
Total comprehensive income for the year attributable to members of the parent entity		8,161	17,293
Earnings per share			
Basic earnings per share (cents)	30	8.4	21.3
Diluted earnings per share (cents)	30	8.4	21.3

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated Group	
		2019	2018
	Note	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	36,612	58,697
Other receivables	7	5,556	5,213
Inventories	8	166,951	45,482
Derivative financial instruments	9	-	653
Income tax receivable	5	4,846	-
Other current assets		347	766
TOTAL CURRENT ASSETS		214,312	110,811
NON-CURRENT ASSETS			
Other receivables	7	-	1,210
Plant and equipment	10	41,101	32,234
Intangible assets	11	123,970	75,979
Deferred tax assets	5	32,386	16,622
Other non-current assets		91	119
TOTAL NON-CURRENT ASSETS		197,548	126,164
TOTAL ASSETS		411,860	236,975
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	198,602	59,701
Borrowings	13	-	3,479
Provisions	14	29,089	9,570
Derivative financial instruments	15	570	8
Income tax payable	5	-	4,467
Other current liabilities	16	8,908	6,179
TOTAL CURRENT LIABILITIES		237,169	83,404
NON-CURRENT LIABILITIES			
Borrowings	13	29,482	16,955
Provisions	14	4,427	1,126
Deferred tax liabilities	5	19,171	11,463
Other non-current liabilities	16	15,489	14,009
TOTAL NON-CURRENT LIABILITIES		68,569	43,553
TOTAL LIABILITIES		305,738	126,957
NET ASSETS		106,122	110,018
EQUITY			
Issued capital	17	107,605	107,651
Reserves	18	9,421	13,271
Accumulated losses		(10,904)	(10,904)
TOTAL EQUITY		106,122	110,018

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued capital \$'000	Equity reserve \$'000	Foreign currency translation reserve \$'000	Dividend profit reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 2 July 2017		68,340	1,739	-	3,253	(10,904)	62,428
Profit after income tax for the year		-	-	-	-	17,293	17,293
Transfer to dividend profit reserve	18	-	-	-	17,293	(17,293)	-
Other comprehensive income for the year, net of tax		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	17,293	-	17,293
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued during the year		39,311	-	-	-	-	39,311
Share based payment expense	31	-	649	-	-	-	649
Dividends paid or provided for	18,19	-	771	-	(10,434)	-	(9,663)
Balance at 1 July 2018	17,18	107,651	3,159	-	10,112	(10,904)	110,018
Profit after income tax for the year		-	-	-	-	8,130	8,130
Transfer to dividend profit reserve	18	-	-	-	8,130	(8,130)	-
Other comprehensive income for the year, net of tax		-	-	31	-	-	31
Total comprehensive income for the year		-	-	31	8,130	-	8,161
<i>Transactions with owners in their capacity as owners:</i>							
Shares cancelled during the year	17	(46)	-	-	-	-	(46)
Share based payment expense	31	-	365	-	-	-	365
Dividends paid or provided for	18,19	-	199	-	(12,575)	-	(12,376)
Balance at 30 June 2019	17,18	107,605	3,723	31	5,667	(10,904)	106,122

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated Group	
		2019	2018
	Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		967,944	406,404
Payments to suppliers and employees (inclusive of GST)		(918,839)	(375,208)
Transaction and restructuring costs paid	2	(9,139)	(496)
Interest received		293	198
Interest and other finance costs paid		(1,264)	(1,091)
Income taxes paid		(15,512)	(8,079)
Net cash provided by operating activities	29	23,483	21,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of business, net of cash acquired	28	(32,082)	-
Payment of contingent consideration on prior year acquisition		-	(3,000)
Payments for plant and equipment		(8,239)	(14,214)
Payments for software assets		(1,562)	(703)
Proceeds from the sale of plant and equipment		52	38
Net cash used in investing activities		(41,831)	(17,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital, net of transaction costs		-	38,596
Payment for buy-back of shares		(46)	(2)
Proceeds from borrowings		32,000	-
Repayment of borrowings		(22,950)	(2,250)
Payment for borrowing costs		(365)	-
Dividends paid		(12,376)	(9,663)
Net cash (used in) / provided by financing activities		(3,737)	26,681
Net (decrease) / increase in cash and cash equivalents		(22,085)	30,530
Cash and cash equivalents at the beginning of the financial year		58,697	28,167
Cash and cash equivalents at the end of the financial year	6	36,612	58,697

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of Noni B Limited for the 52 weeks ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 27 August 2019.

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 financial assets and financial liabilities.

On 30 June 2019 the Group had an excess of current liabilities over current assets of \$22,857,000. Current liabilities include \$8,908,000 in fitout contributions and lease incentives which are not expected to be settled by cash in the next 12 months. Additionally, there are \$8,270,000 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 Group's operating activities.
- 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 will be implemented by management around the improvement and alignment of policies and cost efficiencies within the new brands are similar to those implemented during the acquisition of the Noni B Group and subsequently the Pretty Girl Group.

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted AASB 9 and AASB 15 on 2 July 2018. These new Accounting Standards and Interpretations are the most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets.

The standard introduced new classification and measurement models for financial assets: cash and cash equivalents and trade and other receivables that were classified as loans and receivables under AASB 139 are now classified as at amortised cost.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance against the financial assets measured at amortised cost. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 9 did not have any other significant impact on the consolidated entity's accounting policies.

AASB 15 Revenue from Contracts with Customers

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies presented in Note 3. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 was adopted using the retrospective approach without adjusting comparatives and AASB 15 was adopted using the cumulative method. There was no impact of adoption on opening retained profits as at 2 July 2018 and therefore no adjustments is reflected.

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) Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial instruments at fair value through profit or loss.

Financial assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset. The consolidated entity's cash and cash equivalents and other receivables are classified as at amortised cost.

Certain investments qualify to be recognised and measured subsequently at fair value through other comprehensive income ('OCI') on exercise of an irrevocable election at the time of initial recognition, otherwise they are recognised at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost. Derivatives are recognised at fair value through profit or loss.

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 consolidated entity recognises a loss allowance for expected credit losses on debt instruments which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rate at the reporting date. The revenue and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

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.

(d) Employee 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.

(e) 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 Trade and 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.

(f) Period

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. No presentation changes arose on the adoption of AASB 15 and AASB 9.

The current reporting period, 2 July 2018 to 30 June 2019, represents 52 weeks and the comparative reporting period is from 3 July 2017 to 1 July 2018 which represents 52 weeks.

(g) 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.

(h) Critical accounting estimates and judgements

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 judgements have been included within the notes to the financial report.

(i) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

(j) New Accounting Standards for Application in Future Periods

AASB 16 will replace existing accounting requirements for leases under AASB 117 Leases.

Under AASB 16, the Group's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the Consolidated Statement of Financial Position. The

lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and an amortisation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

The Group will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach, whereby the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Group has made a reasonable estimate of the potential impact of AASB 16 on the Consolidated Financial Statements arising from its portfolio of property leases and expects the lease liability on the Consolidated Statement of Financial Position at 30 June 2020 to be \$235,386,000.

This estimate relies on various assumptions concerning the Group's existing portfolio of property leases and leases expected to be entered into in the first financial year following adoption of the new standard.

The actual impact of applying AASB 16 will depend on the composition of the Group's lease portfolio, the extent to which the Group chooses to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Group presents

its first financial statements that include the date of initial application.

Interpretation 23 Uncertainty over Income Tax Treatments

Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- whether uncertain tax positions are assessed separately or as a group, and
- whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

If yes, the entity should determine its accounting tax position consistent with the tax treatment used or planned to be used in its income tax filings.

If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The Directors of the Company are still assessing the impact that the Interpretation will have on the Group's financial statements.

Note 2. OPERATING SEGMENT

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 predominately in Australia and also within New Zealand 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.

At the end of the reporting period the Groups geographic areas of operation consisted of Australia and New Zealand:

GEOGRAPHIC SEGMENTS

	Australia	New Zealand	Total
	\$'000	\$'000	\$'000
Revenue	849,824	14,669	864,493
Current assets	210,265	4,047	214,312
Non-current assets	197,333	215	197,548

In the prior year, the Group only operated one geographic segment, being Australia.

NOTES TO THE FINANCIAL STATEMENTS

Note 3. REVENUE AND OTHER INCOME

	2019 \$'000	2018 \$'000
Revenue:		
Sale of goods	864,493	364,152
Other income:		
Interest	260	121
Jewellery commission	13,365	4,848
Other	3,802	3,305
Total other income	17,427	8,274

Recognition and measurement

Revenue arising from sales of goods is recognised at the point in time when the customer has obtained control of the goods which is considered to be fulfilment of the performance obligation. Revenue is measured with consideration to any trade discounts and volume rebates.

- Retail sales revenue and jewellery commission revenue is recognised at the point of sale, which is where the customer has obtained control of the goods. Amounts disclosed as revenue are net of sales returns, trade discounts and commission paid.
- Revenue from the sale of gift cards is recognised upon redemption of the gift card. The amount of gift cards which expire unredeemed is not significant.
- 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 defers this revenue until such point at which the sale of goods is made. The deferred portion is included in sundry payables as a contract liability and is recognised as revenue only after all the rebate obligations have been fulfilled.
- Interest revenue is recognised when it is earned.

Note 4. PROFIT FOR THE YEAR

	Consolidated Group	
	2019	2018
	\$'000	\$'000
a) Expenses (excluding finance costs)		
Marketing and selling expenses	237,172	104,989
Occupancy expenses	188,338	84,326
Administrative expenses	49,340	22,990
Other expenses	1,151	410
Total expenses (excluding finance costs)	476,001	212,715
b) Profit before income tax from continuing operations includes the following specific expenses:		
Expenses		
Finance costs comprising interest attributed to:		
– interest and borrowing expenses	2,124	1,424
Total finance costs	2,124	1,424
All finance costs are expensed in the period in which they are incurred.		
Depreciation	21,409	10,069
Amortisation	899	271
Impairment and write-off of non-current assets	79	91
Write-off and write down of obsolete stock and inventory	2,335	1,738
Operating lease rental expenses	151,967	68,394
Employee benefits expense	205,414	89,877
Superannuation expense	18,325	8,031
Share based payment expense	365	649
Unrealised foreign exchange	(208)	(832)

NOTES TO THE FINANCIAL STATEMENTS

Note 5. INCOME TAX

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Major components of income tax expense		
Deferred tax	(2,756)	(1,413)
Current tax	6,499	9,231
Income tax expense	3,743	7,818
Reconciliation between income tax expense and prima facie tax on accounting profit		
Accounting profit	11,873	25,111
Tax at 30% (2018-30%)	3,562	7,533
Tax effect on non-deductible expenses / (non-assessable items):		
Share based payment expense	109	195
Tax rate difference	(36)	-
Non-deductible items	108	43
Deferred tax asset not recognised on tax losses	-	1
Other	-	46
Income tax expense	3,743	7,818
Income tax		
Income tax receivable / (payable)	4,846	(4,467)
Applicable tax rate		
The applicable tax rate is the national corporate tax rate in Australia of 30%		
Analysis of deferred tax assets:		
Employee entitlements	7,292	3,089
Lessors fit out contribution	7,312	6,056
Accruals	2,059	1,637
Inventory temporary differences	4,920	1,197
Depreciation temporary differences	3,997	1,787
Foreign currency balances	171	-
Provision for customer loyalty	656	268
Future tax benefit of tax losses	1,261	1,551
Business capital expenditure	486	725
Other provision	2,749	-
Other	1,483	312
Total deferred tax assets	32,386	16,622
Analysis of deferred tax liabilities:		
Depreciation and amortisation temporary differences	48	23
Brand names	17,160	10,890
Trademarks	189	-
Foreign currency balances	1,731	509
Other	43	41
Total deferred tax liabilities	19,171	11,463

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.

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

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 tax 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	
	2019	2018
	\$'000	\$'000
Cash at bank and on hand	36,612	58,697

Recognition 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 7. OTHER RECEIVABLES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
CURRENT		
Sundry debtors	5,556	5,213
NON-CURRENT		
Sundry debtors	-	1,210

Recognition and measurement

Sundry debtors include amounts due from repeat customers, suppliers and landlord contributions. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets and are subsequently measured at amortised cost which have not been discounted.

Note 8. INVENTORIES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
CURRENT		
Finished goods at cost	173,741	47,505
Provision for obsolescence and shrinkage	(6,790)	(2,023)
	166,951	45,482

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 is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated 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 judgement

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

Note 9. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Forward exchange forward contracts	-	653
	-	653

Refer to note 20 for further information on financial instruments

Note 10. PLANT AND EQUIPMENT

	Consolidated Group	
	2019	2018
	\$'000	\$'000
a) Plant and Equipment		
Plant and equipment:		
At cost	107,507	74,127
Accumulated depreciation	(66,406)	(41,893)
	41,101	32,234

b) Movements in carrying amounts

	Plant and equipment	Total
	\$'000	\$'000
Consolidated Group:		
Balance at 2 July 2017	28,266	28,266
Additions	14,191	14,191
Disposals	(154)	(154)
Depreciation expense	(10,069)	(10,069)
Balance at 1 July 2018	32,234	32,234
Additions	8,225	8,225
Additions from business combination	22,168	22,168
Disposals	(117)	(117)
Depreciation expense	(21,409)	(21,409)
Balance at 30 June 2019	41,101	41,101

Recognition and measurement

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.

The carrying values of 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. Impairment indicators are assessed at the store level.

Key estimate and judgement

The Group determines the estimated useful lives and related depreciation and amortisation charges for its 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 11. INTANGIBLE ASSETS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Goodwill – at cost	64,022	38,625
Brand names – at cost	57,200	36,300
Other intangible assets – at cost	4,094	1,501
Less: accumulated amortisation	(1,346)	(447)
Net carrying value	2,748	1,054
Total intangibles	123,970	75,979

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

	Consolidated Group			
	Goodwill	Brand names	Other*	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated Group:				
Balance at 2 July 2017	38,625	36,300	622	75,547
Additions	–	–	703	703
Amortisation expense	–	–	(271)	(271)
Balance at 1 July 2018	38,625	36,300	1,054	75,979
Additions	–	–	820	820
Additions from business combination	25,397	20,900	1,773	48,070
Amortisation expense	–	–	(899)	(899)
Balance at 30 June 2019	64,022	57,200	2,748	123,970

* Includes software and development costs and trademarks

Goodwill and Brand names

Recognition and measurement

Brand names and goodwill acquired in a business combination is initially measured at cost. Goodwill is the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition is included in intangible assets along with Brand names and is allocated to cash generating units for the purposes of impairment testing. Goodwill and Brand names are assessed as having an indefinite useful life and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill and Brand names is carried at cost less accumulated impairment losses. Impairment losses are taken to the profit or loss and are, for Goodwill, are not subsequently reversed.

Trademarks were acquired through the acquisition of the Millers, Autograph, Katies, Crossroads and Rivers brands. These trademarks are amortised on a straight-line bases over the period of their expected benefit, being their finite life of 3 years, and are tested annually for impairment.

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

Key estimates and judgement to account for business combination

On 5 September 2016, the Group acquired 100% of the shares of the Pretty Girl Fashion Group. The brands within the Pretty Girl Fashion Group include Rockmans, W.Lane and beme. An independent valuation of the brand names acquired as part of the transaction resulted in a brand valuation of \$36,300,000.

On 2 July 2018, the Group acquired the Millers, Autograph, Crossroads, Rivers and Katies brands from the Specialty Fashion Group through a business combination. An independent valuation of the brand names acquired as part of the transaction resulted in a brand valuation of \$20,900,000.

Fair value is determined based upon the relief from royalty method at acquisition date. The royalty rates used in the valuation were based on rates observed in the market. Brand names are assessed as having an indefinite useful life. The indefinite useful life reflects management's intention to continue to operate these brands to generate net cash inflows into the foreseeable future.

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 which has been assessed at the brand level. 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 the value in use approach. The value in use calculation is based on the cash flow projections as at July 2019 for a period of five years. The cash flow projections are based on the FY2020 budget that has been approved by the board and are projected for a further four years based on an estimated growth rate of 0.2% to 2% (2018: 3% to 7%) and a terminal growth rate of 1% (2018: 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 the cash flow projections is 13.5% to 15.5% (2018: 13.5%). The discount rate has been determined using the weighted average cost of capital which incorporates both the cost of debt and the cost of equity. The tax rate applied in the valuation model is based on the corporate tax rate in Australia of 30%.

Based on the impairment testing at July 2019 no impairment loss was recognised in relation to goodwill, brand names and other intangible assets (2018: nil).

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

Trademarks

Trademarks were acquired through the acquisition of the Millers, Autograph, Katies, Crossroads and Rivers brands. These trademarks are amortised on a straight-line bases over the period of their expected benefit, being their finite life of 3 years, and are tested annually for impairment.

Software

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 annually for impairment.

Note 12. TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Trade payable	72,724	40,536
Accruals	23,107	10,742
Sundry payables	102,771	8,423
	198,602	59,701

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 judgement

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 13. BORROWINGS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
CURRENT		
Secured liabilities:		
Bank loans	-	3,479
Total current borrowings	-	3,479
NON-CURRENT		
Secured liabilities:		
Bank loans	29,482	16,955
Total non-current borrowings	29,482	16,955

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 30 June 2019, the Group had outstanding loans and borrowings of \$20,000,000 (2018: \$20,000,000) with an additional \$10,000,000 made available from the market rate facility. Of the \$10,000,000 which was made available, \$9,800,000 was used for the period ending 30 June 2019 (2018: nil). Bank loans are secured by both the warehouse inventory and a general security deed which is a fixed and floating charge over the business.

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	
	2019	2018
	\$'000	\$'000
Amount of credit facilities available		
Bank card	400	150
Market rate facility	31,000	29,750
Bank guarantees and lines of credit	2,235	7,235
Total	33,635	37,135
Amount of credit facilities unused		
Bank card	210	75
Market rate facility	1,200	9,000
Bank guarantees and lines of credit	235	5,235
Total	1,645	14,310

The bank loans and finance facilities available contain specific financial covenants which the Group is required to meet. For the period ending 30 June 2019 the Group was able to meet its financial covenants and remained compliant for the period ended.

Note 14. PROVISIONS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Current		
Employee benefits	21,720	9,160
Other provisions	7,369	410
Total current provisions	29,089	9,570
Non-current		
Employee benefits	2,565	1,126
Other provisions	1,862	-
Total non-current provisions	4,427	1,126

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

	Onerous lease	Lease make good	Bonus	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated Group:				
Carrying amount at 1 July 2018	-	110	300	410
Additional provisions recognised	-	488	3,000	3,488
Additions from business combination	5,743	-	-	5,743
Amounts used	-	(110)	(300)	(410)
Carrying amount at the end of the year	5,743	488	3,000	9,231

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 \$8,270,000 (2018: \$3,490,000).

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 judgement

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 14. PROVISIONS (continued)

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:

Onerous lease

The provision represents leases with unavoidable costs of meeting the lease for which the costs of meeting the obligations exceed the economic benefits expected to be received.

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 FY2019 performance which were approved prior to year end.

Note 15. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Forward exchange forward contracts	33	-
Interest rate swaps	537	8
	570	8

Refer to note 20 for further information on financial instruments.

Note 16. OTHER LIABILITIES

	Consolidated Group	
	2019	2018
	\$'000	\$'000
CURRENT		
Fitout contributions and lease incentives	8,908	6,179
	8,908	6,179
NON-CURRENT		
Fitout contributions and lease incentives	15,489	14,009
	15,489	14,009

Deferred lease incentives

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

Note 17. ISSUED CAPITAL

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Fully paid ordinary shares		
Balance at the beginning of the financial year	107,651	68,340
Issue of shares	-	40,821
Less transaction costs (i)	(46)	(1,510)
Ordinary shares	107,605	107,651
	NO.	NO.
Balance at the beginning of the financial period	96,361,245	80,033,300
Issue of shares during the period (ii)	845,000	16,603,945
Share buy-back (iii)	(291,466)	(276,000)
Balance at the end of the financial period	96,914,779	96,361,245

(i) transaction costs for the 2019 financial year relate to share buy-back with the 2018 financial year costs associated to the capital raising.

(ii) a total of 845,000 shares were issued in relation to performance shares under limited recourse loans to Directors and Senior Management.

(iii) 275,000 shares were issued to Senior Management however they were cancelled by the Company during the year. A further 16,466 shares were bought and cancelled by the Company as part of the share buy-back.

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.

Note 18. RESERVE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Reserves comprise:		
Equity reserve	3,723	3,159
Foreign currency translation reserve	31	-
Dividend profit reserve	5,667	10,112
Total reserves	9,421	13,271

Equity reserve

The equity reserve is used to record the value of the share based payments provided to employees. In accordance to the Rules of the Director and Senior Management Share Plan, dividends paid on the Plan Shares will be applied to the value of shares. The dividend amount which was applied to the Plan Shares during the 2019 Financial Year was \$199,000 (2018: \$771,000) and this amount was not paid in cash.

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

NOTES TO THE FINANCIAL STATEMENTS

Note 18. RESERVE (continued)

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 2019 Financial Year profit of \$8,130,000 (2018: \$17,293,000) to the dividend profit reserve which will enable the declaration of a future dividend.

Note 19. DIVIDENDS PAID

Dividends

	2019			Consolidated Group		
	Cents per share	Date of payment	Total amount \$'000	Cents per share	Date of payment	Total amount \$'000
Current year interim	9.0	22/03/2019	8,722	9.0	29/03/2018	7,233
Prior year final	4.0	12/10/2018	3,853	4.0	09/10/2017	3,201
			12,575			10,434

All dividends are fully franked at a 30% tax rate.

On 27 August 2019, the Board of Directors declared a final dividend in respect of the 2019 year of 5.5 cents (2018: 4.0 cents) per share fully franked at a 30% tax rate. The amount will be paid on 24 October 2019 (2018: 12 October 2018). As the dividend was declared subsequent to 30 June 2019, no provision has been made as at 30 June 2019.

Franking credits

	Consolidated Group	
	2019 \$'000	2018 \$'000
Franking credits available for future financial years (tax paid basis, 30% tax rate)	15,060	14,941

The above amount represents 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 20. 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 30 June 2019 and 1 July 2018 are as follows:

	Note	Consolidated Group	
		2019 \$'000	2018 \$'000
Total debt	13	29,482	20,434
Total equity		106,122	110,018
Total capital		135,604	130,452
Gearing ratio		21.7%	15.7%

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 20. FINANCIAL RISK MANAGEMENT (continued)

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	
	2019	2018	2019	2018
Buy US dollars	\$'000	\$'000	\$	\$
Maturity:				
Less than 1 year	158,851	28,519	0.7028	0.7549

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:

	Loan balance		Average interest rate	
	2019	2018	2019	2018
	\$'000	\$'000	%	%
Bank loans	29,482	20,434	4.23%	4.17%

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 \$30,000,000 were available to the Group (2018: \$5,000,000). Of this facility, \$200,000 was unused (2018: \$5,000,000).

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	
	2019	2018
	\$'000	\$'000
Maturity < 1 month	138,587	33,739
Maturity 1 – 3 months	49,493	27,463
Maturity 3 – 12 months	10,522	2,250
Maturity > 1 year	29,800	17,000
	228,402	80,452

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 – the fair value is calculated using quoted price in active markets for identical assets or liabilities.

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

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

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. 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements								
Derivatives Asset/(Liability) held for hedging:								
- Forward exchange forward contracts	-	-	(33)	653	-	-	(33)	653
- Interest swaps	-	-	(537)	(8)	-	-	(537)	(8)
Total (liabilities) / asset recognised at fair value	-	-	(570)	645	-	-	(570)	645

Note 21. KEY MANAGEMENT PERSONNEL

Information regarding individual key management personnel (KMP), shareholdings of key management personnel, as well as other transactions and balances with key management personnel and their related parties, as required by Regulation 2M.3.03 of the *Corporations Regulations 2001* is provided in the Remuneration Report section of the Directors' Report.

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
- Jacqueline Frank Non-Executive Director (appointed 2 May 2019)

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

NOTES TO THE FINANCIAL STATEMENTS

Note 21. KEY MANAGEMENT PERSONNEL (continued)

Compensation

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

	Consolidated Group	
	2019	2018
Short-term employee benefits	2,613,498	1,626,463
Post-employment benefits	49,851	48,598
Other long-term benefits	54,934	17,743
Share based payments	551,803	581,527
Total benefits	3,270,086	2,274,331

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 22. AUDITORS' REMUNERATION

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

	Consolidated Group	
	2019	2018
	\$	\$
Audit services – BDO		
– Audit and review of the financial statements	375,000	251,000
Other services – BDO		
– Tax compliance services including review of company income tax returns	–	4,350
– Other assurance services	3,000	–
	378,000	255,350

Note 23. COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Payable – minimum lease payments		
– no later than 12 months	127,248	58,638
– between 12 months and 5 years	131,249	91,473
– later than 5 years	4,386	262
	262,883	150,373

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.

Recognition and measurement

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.

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 21 and the Remuneration report is included in the Directors' report.

Transactions with related parties

A total of \$120,000 was paid in management fees to related party of the Non-Executive Directors during the financial period (2018: \$120,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2019	2018
	\$'000	\$'000
Statement of profit or loss and other comprehensive income		
Net profit after income tax expense	23,398	17,293
Total comprehensive income for the year	23,398	17,293
Statement of financial position		
ASSETS		
Current assets	153,334	85,720
Non-current assets	197,283	92,041
TOTAL ASSETS	350,617	177,761
LIABILITIES		
Current liabilities	184,825	35,248
Non-current liabilities	59,670	32,495
TOTAL LIABILITIES	244,495	67,743
EQUITY		
Issued capital	107,605	107,651
Reserves	9,421	13,271
Accumulated losses	(10,904)	(10,904)
TOTAL EQUITY	106,122	110,018

As at 30 June 2019, the parent entity had an excess of current liabilities over current assets of \$2,865,000 (2018 net current asset position of \$50,472,000)

Contingent liabilities

As at 30 June 2019, the parent entity had no contingent liabilities (2018: 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.

Contractual commitments

As at 30 June 2019, the parent entity had no contractual commitments apart from standard operating lease commitments (Note 23).

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.

Name of Subsidiary	Country of Incorporation	Ownership Interest	
		2019	2018
Noni B Holdings Pty Limited	Australia	100%	100%
Pretty Girl Fashion Group Holdings Pty Ltd	Australia	100%	100%
Pretty Girl Fashion Group Pty Ltd	Australia	100%	100%
W.Lane Pty Ltd	Australia	100%	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%
Noni B Holdings 2 Pty Ltd	Australia	100%	-
Millers Retail Pty Ltd	Australia	100%	-
Autograph Retail Pty Ltd	Australia	100%	-
Rivers Retail Holdings Pty Ltd	Australia	100%	-
Crossroads Retail Pty Ltd	Australia	100%	-
Katies Retail Pty Ltd	Australia	100%	-
Noni B NZ Limited	New Zealand	100%	-
Noni B Holdings NZ Limited	New Zealand	100%	-

Note 27. 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
- Noni B Holdings 2 Pty Ltd
- Noni B Holdings NZ Limited
- Millers Retail Pty Ltd
- Autograph Retail Pty Ltd
- Pretty Girl Fashion Group Holdings Pty Ltd
- Pretty Girl Fashion Group Pty. Ltd.
- Crossroads Retail Pty Ltd
- Katies Retail Pty Ltd
- Rivers Retail Holdings 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 (including 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 27. DEED OF CROSS GUARANTEE (continued)

	Closed Group	
	2019	2018
	\$'000	\$'000
Statement of financial position		
ASSETS		
Current assets	214,312	110,811
Non-current assets	197,548	126,164
TOTAL ASSETS	411,860	236,975
LIABILITIES		
Current liabilities	237,169	83,404
Non-current liabilities	68,569	43,553
TOTAL LIABILITIES	305,738	126,957

Note 28. BUSINESS COMBINATIONS

On 2 July 2018, Noni B Limited acquired the Millers, Autograph, Crossroads, Rivers and Katies brands from the Specialty Fashion Group through a business combination. The acquired brands operate within the retail of women's apparel and accessories which will further complement the existing Noni B, Rockmans, W.Lane and beme brands.

Details of the acquisition are as follows:

	Fair value \$'000
Consideration	
– Cash paid for purchase	31,000
– Working capital	8,003
– Net cash acquired	(6,921)
Total cash consideration / net cash outflow	32,082
Net identifiable assets acquired	
– Trade and other receivables	1,865
– Inventories	50,480
– Other current assets	415
– Plant and equipment	22,168
– Intangibles	1,773
– Brand names	20,900
– Deferred tax assets	12,170
– Trade and other payables	(73,773)
– Deferred tax liabilities	(6,579)
– Onerous lease provision	(5,743)
– Other provisions	(16,991)
Net identifiable assets acquired	6,685
Goodwill on acquisition	25,397

1. Transaction costs of \$5,480,000 and restructuring costs of \$3,659,000 were recognised in respect of the acquisition of the Millers, Katies, Crossroads, Autograph and Rivers brands for the full year and are included in the consolidated statement of profit or loss and other comprehensive income.

Impact of acquisition on the results of the Group

As the acquisition occurred on 2 July 2018, the revenue and profit of the Group for the year ended 30 June 2019 reflects the financial reporting period of the acquired brands.

AASB 3 Business Combinations requires disclosure of both the revenue and profit and loss of the acquired brands 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 the commencement of the financial period. As the acquisition occurred on 2 July 2018, the acquired brands contributed revenues of \$545,893,000 to the Group for the financial reporting period. Management has however determined that disclosure of the profit and loss of the acquired brands from date of acquisition is impracticable after considering various factors including the pre-acquisition operating environment of the acquired brands and the effective merger of the acquired brands into the marketing, production, distribution and other activities of the Group.

Recognition and measurement

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

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

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

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

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

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

Business combinations are initially accounted for on a provisional basis. The Group has retrospectively adjusted the provisional amounts recognising changes to the net identifiable assets acquired during the measurement period based on new information obtained about the facts and circumstances that existed at the acquisition-date. At 30 June 2019 the net identifiable assets acquired have now been finalised. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTES TO THE FINANCIAL STATEMENTS

Note 29. CASH FLOW INFORMATION

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Reconciliation of Cash Flows from Operating Activities with Profit after income tax		
Profit after income tax	8,130	17,293
Non-cash flows in profit:		
– depreciation	21,447	10,156
– amortisation	899	271
– write-off of obsolete stock	4,248	1,972
– impairment and write-off of non-current assets	79	91
– net gain on disposal of plant and equipment	(52)	(38)
– unrealised foreign exchange (gain) / loss	(208)	(832)
– share based payment expense	365	649
Change in assets and liabilities:		
– decrease / (increase) in trade and other receivables	713	(2,875)
– increase in inventories	(77,089)	(18,211)
– increase in deferred tax assets	(363)	(1,596)
– increase in deferred tax liabilities	-	257
– increase in trade and other payables	73,468	18,080
– increase / (decrease) in financial instruments	1,215	(2,419)
– (decrease)/increase in tax liability	(10,901)	625
– Increase / (decrease) in provisions	1,532	(1,695)
Net cash flow from operating activities	23,483	21,728

Note 30. EARNINGS PER SHARE

	Consolidated Group	
	2019	2018
	\$'000	\$'000
Earnings per share for profit		
Profit after income tax	8,130	17,293
Profit after income tax attributable to the owners of Noni B Limited	8,130	17,293
	Number	Number
	\$'000	\$'000
Weighted average number of ordinary shares used in calculating:		
- basic earnings per share	96,824	81,386
- diluted earnings per share	96,824	81,386
Basic earnings per share (cents)	8.4	21.3
Diluted earnings per share (cents)	8.4	21.3

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.

NOTES TO THE FINANCIAL STATEMENTS

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. These have a variety of market and non-market conditions based on the volume weighted average price (VWAP). 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.

A summary of the movement of all rights over share grants during the year ended 30 June 2019 include:

Performance Share Rights

Performance share rights which were outstanding as at 30 June 2019 were 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
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%	100,000
10/05/2017	09/05/2022	\$ 0.55	\$ 1.65	\$ 1.63	35%	1.54%	25,000
24/05/2017	23/05/2022	\$ 0.54	\$ 1.63	\$ 1.64	35%	1.54%	100,000
07/08/2017	06/08/2022	\$ 0.38	\$ 1.96	\$ 1.86	15%	1.55%	100,000
25/08/2017	24/08/2022	\$ 0.38	\$ 2.00	\$ 1.95	16%	1.55%	25,000
11/11/2017	10/11/2022	\$ 0.39	\$ 2.02	\$ 2.01	25%	1.55%	25,000
12/01/2018	11/01/2023	\$ 0.45	\$ 2.09	\$ 1.93	24%	1.55%	75,000
12/05/2018	11/05/2023	\$ 0.37	\$ 2.35	\$ 2.50	28%	1.55%	50,000
24/09/2018	23/09/2023	\$ 1.31	\$ 3.58	\$ 3.42	54%	1.55%	675,000
21/12/2018	20/12/2023	\$ 0.63	\$ 2.68	\$ 3.42	49%	1.55%	20,000

The weighted average price for the above performance share rights was \$1.85.

During the financial period a total of 845,000 share rights were exercised at the agreed upon exercise price on the grant date (2018: \$375,000).

Performance share rights which were forfeited during the period 2 July 2018 to 30 June 2019 were 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
10/05/2017	09/05/2022	\$ 0.55	\$ 1.65	\$ 1.63	35%	1.54%	25,000
07/08/2017	06/08/2022	\$ 0.38	\$ 1.96	\$ 1.86	15%	1.55%	125,000
26/09/2017	25/09/2022	\$ 0.45	\$ 2.06	\$ 2.05	21%	1.55%	25,000
24/09/2018	23/09/2023	\$ 1.31	\$ 3.58	\$ 3.42	54%	1.55%	100,000

The total charge arising from share based payment transactions during the year as part of employee benefit expense was \$365,000 (2018: \$649,000).

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 matters or circumstances have arisen since 30 June 2019 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 30 June 2019 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 30 June 2019 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 for the financial year ended 30 June 2019.



Richard Facioni
Chairman

27 August 2019



Scott Evans
Managing Director

27 August 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NONI B LIMITED



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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 30 June 2019, 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 30 June 2019 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 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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NONI B LIMITED



Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Revenue, totalling \$864,493,000 (2018: \$364,152,000), is generated from the retail sales of women's apparel. The Group's management focuses on revenue as a key driver by which the performance of the Group is measured.</p> <p>This area is a key audit matter due to the volume of transactions and the total balance of revenue. Note 3 of the financial report describes the accounting policies for revenue recognition.</p>	<p>To ensure that revenue was recorded properly, our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• 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 with specific reference to the adoption of AASB 15 <i>Revenue from Contracts with Customers</i>;• Testing the operating effectiveness of controls over the recording of revenue, including IT general controls, controls surrounding the processing of sales transactions, the transfer of sales data from the point of sale system (at stores) to the general ledger and the revenue recorded;• Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period; and• Performing a variety of analytical procedures which included forming expectations on revenue per store and comparing revenue on a monthly basis with those expectations.

Valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The carrying value of inventory as at 30 June 2019 is \$166,951,000 (2018: \$45,482,000) as disclosed in note 8.</p> <p>Due to the industry in which the Group operates, the items held in inventory have an inherent risk of obsolescence. Management has recorded a provision for obsolescence and shrinkage of</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• Discussing with management the Group's current performance and future strategies to assist in evaluating the change in the underlying assumptions applied in the calculation of the



<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>\$6,790,000 (2018: \$2,023,000) which is judgemental in nature.</p> <p>The Group has changed the underlying core assumption for calculating the inventory subject to the obsolescence and shrinkage provision in the current year with respect to the classification of inventory items. Assumptions relating to the age of inventory and expected future sales remain similar to prior year.</p> <p>The valuation of inventory is a key audit matter due to the judgemental nature of the provision for obsolescence and shrinkage, the change in the underlying assumptions and the material nature of the inventory balance.</p>	<p>inventory obsolescence and shrinkage provision;</p> <ul style="list-style-type: none"> Recalculating the arithmetical accuracy of the provision for inventory obsolescence and shrinkage calculation; Challenging management's assumptions by: <ul style="list-style-type: none"> testing the classifications of the underlying data used within the calculation; Performing a detailed analysis of inventory turnover compared to prior periods and evaluating against the adequacy of the provision; Analysing historical inventory movement trends, specifically for core stock; and Agreeing a sample of inventory on hand to initial purchase invoices and subsequent sales invoices and comparing the carrying amount to the net realisable value.

Recoverability of indefinite life intangibles

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The valuation of goodwill and brand names is significant to our audit because the balance of \$121,222,000 as at 30 June 2019 as disclosed in Note 11 is material to the financial statements and the testing of these indefinite life intangibles is a judgemental process.</p> <p>The Group has engaged an expert in testing the goodwill and brand names allocated to each cash generating unit for impairment at reporting date, by comparing the carrying value to its recoverable amount. The Group has determined recoverable amount through a value in use calculation for each cash generating unit. This</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> Evaluating whether management's expert had the necessary competence, capabilities, and objectivity. We obtained an understanding of the work of the management's expert including an understanding of the relevant field of expertise; Evaluating the Group's assumptions and estimates used to determine the recoverable amount of its assets, including those relating to revenue

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NONI B LIMITED



<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
process is judgemental and is based on assumptions, specifically those in relation to revenue growth rates, estimated expenditures incurred and discount rates, which are affected by current and future market conditions.	<p>growth rates, estimated expenditures and discount rates;</p> <ul style="list-style-type: none">• Where appropriate, considering the historical accuracy of the Group's historical cash flow forecasts; and• Evaluating the sensitivity analysis applied on the Group's discounted cash flow models for each cash generating unit to assess whether changes in the key assumptions would impact the recoverable amount of the assets.

Accounting for the acquisition of the Millers, Autograph, Crossroads, Rivers and Katies brands

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 28 of the financial report, the company acquired the Millers, Autograph, Crossroads, Rivers and Katies brands as a business combination.</p> <p>The audit of the accounting for this acquisition is a key audit matter due to the significant judgement and complexity involved in assessing the determination of the fair value of identifiable assets and liabilities and the final purchase price.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none">• Reading the business sale agreement to understand the terms and conditions of the acquisition and evaluating management's application of the relevant accounting standards;• Comparing the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information of the acquired brands;• Evaluating and challenging the assumptions made and methodology used in management's determination of the fair value assets and liabilities acquired, particularly with respect to the valuation of provisions acquired, and assessing events subsequent to acquisition;• Obtaining a copy of the external valuation report to critically assess the determination of the fair values of the brands and other identifiable intangible assets associated with the acquisition;



<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<ul style="list-style-type: none"> Assessing the competency and objectivity of the external valuers and considering the valuation methodologies adopted and determined that we could use the external valuations to support the value allocated to brand names; and Considering the adequacy of the business combination disclosures in light of the requirement of Australian Accounting Standards.

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 30 June 2019, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NONI B LIMITED



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 30 June 2019.

In our opinion, the Remuneration Report of Noni B Limited, for the year ended 30 June 2019, 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

A handwritten signature in black ink, appearing to read 'Gillian Shea', written over a horizontal line.

Gillian Shea
Partner

Sydney, 27 August 2019

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 2019 (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	1,305	96,914,779

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	340	154,940	0.16
1,001 – 5,000	496	1,402,138	1.45
5,001 – 10,000	214	1,599,169	1.65
10,001 – 100,000	211	5,783,292	5.97
100,001 and over	44	87,975,240	90.77
Total number of shares	1,305	96,914,779	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
96,914,779	6,376	86	0.006579

ADDITIONAL INFORMATION

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	34,821,570	36.15
LHC Capital Partners Pty Ltd	13,006,194	13.42
Wilson Asset Management	6,887,138	7.09

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:

Holder Name	Ordinary shares	
	Number held	% of total shares issued
Alceon Group Pty Ltd	12,353,308	12.75
HSBC Custody Nominees (Australia) Limited	12,036,252	12.42
Alceon Group Pty Ltd	11,601,027	11.97
Alceon Group Pty Ltd	8,379,980	8.65
UBS Nominees Pty Ltd	8,343,529	8.61
HSBC Custody Nominees (Australia) Limited	4,531,489	4.68
National Nominees Limited	4,345,651	4.48
J P Morgan Nominees Australia Limited	4,337,841	4.48
Mr. Scott Graham Evans	3,418,862	3.53
Alceon Group Pty Ltd	2,487,255	2.57
BNP Paribas Nominees Pty Ltd	1,986,780	2.05
Vacuna Nominees Pty Ltd	1,800,000	1.86
Morphet Investments Pty Ltd	1,448,392	1.49
Mrs. Simone Robyn Evans	1,184,313	1.22
Aust Executor Trustees Ltd	1,060,336	1.09
Citicorp Nominees Pty Limited	1,032,586	1.07
Fitzroy Super Pty Ltd	1,012,392	1.04
AMP Life Limited	954,685	0.99
Mr. Luke Anthony Softa	500,000	0.52
BNP Paribas Nominees Pty Ltd	436,311	0.45
Total	83,250,989	85.90

OTHER INFORMATION

On 23 November 2018, the Company announced that it closed the on-market share buyback which commenced on 2 December 2017 and initiated a new on-market share buyback up to the maximum aggregate amount of \$10.0 million during the period 11 December 2018 and 30 November 2019. During the period 16,466 shares were purchased on-market under the share buyback.

275,000 shares 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.

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.

CORPORATE DIRECTORY

DIRECTORS

Richard Facioni
Scott Evans
David Wilshire
Sue Morphet
Jacqueline Frank (appointed 2 May 2019)

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: Thursday 21st November 2019

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 REGISTER

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

“We put the customer at the heart
of everything we do.”

