

ASX/media release

20 August 2008

Noni B FY2008 results

Noni B Limited, the women's retail fashion group, today announced an after-tax profit of \$5.0 million before restructuring costs for the year to 29 June 2008, in line with its forecast on 18 June. This includes trading losses of \$2.0 million after tax by La Voca stores, but is before a one-off restructuring charge of \$2.5 million following the decision to discontinue the La Voca store concept. After this restructuring charge, reported net profit was \$2.5 million.

After-tax profit from the group's core Noni B business, on which all resources are now focused, was \$7.0 million, compared with \$8.7 million in FY2007. Sales by Noni B stores increased by 3.2 per cent to \$123.2 million (FY2007: \$119.4 million).

Final dividend maintained

Reflecting the directors' confidence in the company's future prospects, the final dividend has been maintained at 10 cents per share, fully franked, payable on 20 October 2008 to shareholders on the register at 3 October 2008. This will bring dividends for the year to 20 cents per share, fully franked, an increase of 5.3 per cent (FY2007: 19 cents).

Results summary (\$000)	Reported results		Results from continuing business**	
	FY2008	FY2007	FY2008	FY2007
Sales	130,664	123,814	123,190	119,362
EBITDA (Earnings before interest, tax, depreciation and amortisation)	10,307	15,118	13,168	15,459
EBIT (Earnings before interest and tax)	6,846	11,318	9,707	11,922
Profit before tax	3,639*	11,856	10,056	12,460
Profit after tax	2,537*	8,264	7,039	8,687
Earnings per share – basic/diluted (cents)	7.9¢	25.8¢	22.0¢	27.2¢
Final dividend per share (cents – fully franked)	10.0¢	10.0¢	N/A	N/A
Total ordinary dividends per share (cents – fully franked)	20.0¢	19.0¢	N/A	N/A

* After La Voca restructuring costs of \$3.556 million before tax and \$2.489 million after tax
 ** Results from continuing business exclude La Voca's trading losses and restructuring costs

Operational review

'This has been the most difficult and disappointing year since Noni B listed on the ASX in 2000,' said joint managing directors, James and David Kindl. 'Consumer spending on women's fashion has weakened progressively, and this has had a particular impact on our new La Voca store concept, which was launched in August 2006 and had been unable to establish itself. With La Voca due to make a trading loss of \$2.0 million after tax for FY2008, the decision was taken in June to restructure and cease trading in La Voca stores. This has resulted in non-recurring costs totalling \$2.5 million, all of which have been included in the FY2008 results. Two La Voca stores have been rebranded Noni B and the other leases have either been transferred or are due to expire shortly; the residual La Voca stock will be sold through existing channels.

'We are now able to focus all our resources and energy on increasing the profitability of our core Noni B business and the Noni B and Liz Jordan brands. While margin pressure affected the earnings of Noni B stores during the second half of FY2008, their sales continued to grow and, according to shopping centre reports, they increased their share of the current weak women's apparel market.

'Our priorities are to strengthen Noni B's relationship with the 850,000 members of its loyalty program and increase Noni B's relevance to those potential customers moving into its market segment, while containing expenses and continuing to control inventory. We are maintaining our marketing investment, with a new branding program and website (www.nonib.com.au) targeted at broadening our customer base. We are also increasing expenditure on training and development to optimise the performance of our store managers and sales staff.

'We are continuing to upgrade stores to increase their appeal to new customers, and in FY2008 invested \$2.7 million in refurbishing or relocating 32 stores, an increase of \$1.7 million over the previous year. We are also identifying opportunities for new stores; 10 Noni B stores were opened during FY2008 and a further 3 are due to be opened before Christmas. With 3 underperforming stores closed during the year, this will bring the total to 207, covering all states and territories, and we believe there is scope for considerable further growth.'

Capital management

As announced on 18 June, the company is currently undertaking an on-market buy-back of up to 10 per cent of its issued share capital, and 343,287 shares had been purchased at 18 August at an average price of \$1.72. This will improve the efficiency of the balance sheet through modest gearing and will increase earnings per share.

Outlook

Assuming continuation of the current difficult trading conditions, but no further significant reduction in consumer spending on women's fashion, the company conservatively expects FY2009 after-tax profit will be between \$6.5 million and \$7.5 million.

Noni B Briefing

A briefing on the results will be held at the Sofitel Wentworth Hotel, Sydney at 12.30pm on 20 August 2008. A dial-in conference facility is available:

Local - Australia, Sydney: +61 2 8113 1426

National toll free - Australia: 1800 554 798

Participant Passcode: 2519952

Noni B Limited, founded in 1977, is one of Australia's leading fashion retailers. Its two brands, Noni N and Liz Jordan, are designed for the woman who enjoys a full active lifestyle and wants to purchase stylish contemporary clothes for all occasions.

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