

Noni B Limited  
2009 Annual General Meeting  
Address by David Kindl, Joint Managing Director and Company Secretary

Thank you Lynn.

My main responsibilities are corporate strategy, finance, administration and property. James and I share the normal supervisory role of a managing director. In addition, as Lynn has mentioned, I am company secretary,

Two weeks after the closure of the last La Voca store, we organised a strategy workshop to develop a new growth plan for the company. This workshop involved 12 of our senior people and gave us a roadmap to enable us to build on Noni B's strong brand and expand our market through becoming the preferred fashion retailer for the 40+ woman. Responsibility for implementing the strategy lies with our executive committee which, in addition to James and me, includes our general managers of buying and marketing, human resources, and finance and administration.

One of our aims is to develop a culture of innovation throughout our operations. This innovation focus is harnessing the ideas of our 1,000 plus team, whether they work in our stores, in distribution, in our office or in management. We have created five functional work groups to focus on different areas of our business and, as just one example; the retail management group has already come up with 57 ideas, several of which have already been implemented

This involvement of our team in innovation is an increasingly important part of the Noni B culture. One of the actions that came from the strategy session is improved communication with all our people, and particularly those in the stores.

In managing finance and administration, one of our major challenges during the year was the unpredictability of future sales and of the extent to which we would have to discount prices to obtain these sales. We already had a lean cost structure, but we succeeded in identifying further cost reductions. We are now seeing the results of these savings with, as Lynn has reported, an increased margin in the first quarter of 2010.

I am pleased to report that operating cash flow has remained strong. We were determined to reverse the significant cash outflow in 2008 and this was achieved through keeping stock to a minimum and halving capital expenditure to approximately \$3.5 million. Capex is expected to remain at this level in the current year.

On the property front, we acted quickly to dispose of the La Voca leases immediately we decided to close the stores. This meant that we exited the leases before the worst stage of the global financial crisis, and it led to a significantly better outcome than anticipated in the provision in our 2008 accounts.

During the year, we opened 18 Noni B new stores and closed five, resulting in a total of 214 No stores at the end of June 2009. Since then we have opened four new stores and closed two that were not performing, giving us a total of 216 today.

As our customers' discretionary expenditure declined last year, we increased our focus on stores that were underperforming. Our aim was to improve their contribution, rather than exit them, as in almost all cases we have sites that will be difficult to replace as the economy strengthens. We have become, however, highly selective in choosing new sites, only opening stores where we can obtain a favourable lease. This will continue and, while we expect to open a further four stores between now and June 2010, we also expect to close two.

Before I hand over to James, I would like to emphasise that we are focused on extracting a greater return from our existing stores, rather than sales for the sake of revenue growth. A number of small improvements across our business can have a significant impact on earnings and we believe we have a considerable opportunity to improve the company's earnings performance as the economy strengthens, especially following our decision to broaden our market to the 40+ woman.