

Noni B Limited
2009 Annual General Meeting
Address by James Kindl, Joint Managing Director

Thank you David,

My main responsibilities are store operations, buying and marketing.

The past year was both disappointing and demanding, particularly for those who work in our stores and see first-hand our customers' reluctance to spend, due to their drop in confidence and the drop in their wealth and superannuation. Our customers however have remained loyal to us and continue to purchase and enjoy our wonderful products and customer service.

I believe that we have learnt a lot during the global financial crisis and we are a much stronger business, better positioned for further growth, as the economy improves and customers' financial positions recover.

The highlight for me last year was, without doubt, the way in which the team pulled together to overcome the market conditions.

Our product strategy also progressed well last year. When the tough times arrived, we were able to stay focused on delivering the right product for our customers, with styling, fit and value that we believe are superior to our competitors. Our range development has been improving over the past few years, so we had winning garments in our stores, despite the overall downturn in sales.

One of the other highlights of the year was the strategy session which led to our three year plan. This was at a time when consumer confidence was falling fast and no one knew when we would reach the bottom. The strategy session invigorated us at a time when we needed it, and opened our eyes to the opportunity to broaden the appeal of the Noni B brand to a wider demographic. In other words, we resolved to focus on attracting younger people into Noni B stores, which would not only increase sales in the short term, but ensure continued demand as our customers aged.

As Lynn has mentioned, a key element of this strategy is promotion of our Liz Jordan label, positioning it as a designer label that is exclusively at Noni B. We are implementing this strategy through product styling, in-store visual merchandising and external brand promotion.

If you visited a Noni B store in July, you would have noticed posters in our store windows showing the black dress that appears on the front of our annual report. This promotion was designed to attract new customers to Noni B and was very successful. This success fills us with confidence for the future.

We are also adopting some creative and cost-effective ways to raise awareness of our Liz Jordan designer label: for example, we entered a race-wear competition earlier this month

and I am delighted to report that we won the Caulfield Classic Style People's Choice award. These initiatives are having a positive impact on sales and show we are being proactive in gaining sales and market share – we are not merely waiting for a recovery, we are making our own successes.

While margins last year were affected by discounting, our inventory at the end of June was lower than a year earlier, which was an important achievement in such a weak market. The inventory mix was also better, with less winter stock and more new season summer stock. In July, we introduced a range of higher priced and higher margin eveningwear, at a time when many retailers were on sale with winter product; this has helped to increase our average margin and has focused customers' attention on our eveningwear garments, increasing Noni B's appeal to the 40+ market.

Following the strategy session, we reviewed – and continue to review – all aspects of our business and evaluated the cost-effectiveness of discretionary activities. This review led to a number of changes: for example, we restructured the way in which we communicate with branch managers and we changed our bonus system to focus employees on short-term sales targets. Our store managers and staff are among our most important assets, and I am grateful to them for their continued enthusiasm for our company and our products in the face of so much economic gloom.

A year ago, we launched a new website, which is already exceeding industry benchmarks according to the number and duration of visits. We are also building an email database to increase efficient communication with customers. Our loyalty program, which now includes nearly a million customers, is another of our major assets, and email contact will make it even more valuable.

As I mentioned at the start, I believe we are a much more innovative and efficient company than a year ago. The challenges we have had to face have taught us a lot and I am confident we are well placed – in terms of people, stores, product and reputation – to benefit from increased spending by our broader, 40+ target market.

We have the plan, the people and the passion for the future. We are determined to become the best fashion retailer for the 40+ woman.

Thank you very much, and I will now hand back to Lynn.