

ASX/media release

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Market update

Noni B to restructure La Voca stores

FY2008 final dividend to be maintained at 10 cents

Share buy-back to take place

Noni B Limited, the women's retail fashion group, today announced plans to restructure its La Voca stores. The La Voca store concept, launched in August 2006, made an after-tax loss of \$0.8 million in the first half of FY2008.

All costs related to restructuring La Voca will be accounted for in Noni B's FY2008 results. These non-recurring costs are expected to total between \$1.8 million and \$2.5 million after tax. Further trading losses by La Voca and lower than anticipated earnings by Noni B stores in May and June are expected to result in an FY2008 after-tax profit for the group of between \$5.0 million and \$5.5 million before restructuring costs.

Following the restructuring of La Voca, and with management focusing solely on the Noni B business, the company conservatively expects FY2009 after-tax profit will be between \$6.5 million and \$7.5 million. This guidance anticipates a more unpredictable operating environment in FY2009, but assumes there is no further significant reduction in consumer spending on women's fashion.

The company also announced that it intends to pay a 10 cent fully franked final dividend for FY2008, in line with FY2007, and subject to the company making the relevant filings with the regulatory authorities, to purchase up to 10 per cent of its issued capital over the next 12 months through an on-market share buy-back. The dividend is payable on 20 October 2008 to shareholders on the register at 3 October 2008. The share buy-back will capitalise on the company's strong operating cash flow and debt-free balance sheet, which will also enable management to take advantage of opportunities to continue to expand the core Noni B business. The Kindl family will not participate in the buy-back.

Mr Robert Critchley, chairman of Noni B, said: 'La Voca has had to face a significant headwind, with consumer demand weakening over the past year. The stores are taking longer to make a profit than we anticipated and more value will be created for our shareholders through focusing all management resources and energy on the growth of our core Noni B business.'

'The company's strategy is to expand the Noni B business through opening further stores, developing new business channels and catering to new market segments. These, together with the strength of the Noni B brand, developed over 30 years, and Noni B's 800,000 loyalty program members, will provide opportunities for substantial growth.'

'While it is disappointing to have to announce the restructuring of La Voca, we emphasise that Noni B is profitable, cash generative, dividend paying and debt free. The company has well located stores and great people. It is well positioned in its market demographic and has a product offering that will withstand market volatility and provide growth prospects in the years to come.'

There are 19 La Voca stores and, subject to lessors' approval, approximately half of these will be re-branded Noni B, bringing the number of Noni B stores to at least [208] covering all Australian states and territories. Negotiations will take place with the remaining stores' lessors with the aim of relinquishing the leases. Staff will be offered opportunities in Noni B stores wherever possible.

Noni B Limited, founded in 1977, is one of Australia's leading fashion retailers. Its two brands, Noni 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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