

ASX/media release

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Noni B 1H09 results

Noni B Limited, the women's retail fashion group, today announced a net profit after tax of \$2.54 million for the six months to 28 December 2008, slightly exceeding the top of the range anticipated in the market update on 9 January 2009. The result includes a \$0.8 million after tax write-back of part of the La Voca restructuring charge from the company's June 2008 accounts. It also includes non-recurring costs of \$0.5 million after tax related to corporate and operational rationalisation of the Noni B business.

Total sales revenue was \$62.5 million (1H08: \$67.9 million). Revenue from the continuing Noni B business, after deducting La Voca, was \$60.6 million, 5.4 per cent lower than 1H08 (\$64.1 million).

Interim dividend

The directors have declared a fully franked interim dividend of 2.0 cents per share (1H08: 10.0 cents), payable on 27 April 2009 with a record date of 13 April 2009. This dividend payout of 25 per cent of net profit after tax reflects a prudent approach to capital management and will enable the company to strengthen its balance sheet and take advantage of any growth opportunities during the coming months. The board will assess the dividend payment for the full year taking into consideration all of the company's circumstances at that time.

Results summary for the half year to	28 Dec 2008* (\$000)	30 Dec 2007* (\$000)	% change
Sales	62,517	67,894	(7.9)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	5,873	9,221	(36.3)
EBIT (Earnings before interest and tax)	3,768	7,769	(51.5)
Profit before tax	3,683	7,949	(53.7)
Profit after tax	2,542	5,476	(53.6)
Earnings per share – basic/diluted (cents)	7.9	17.1	
Interim dividend (cents – fully franked)	2.0	10.0	

* Includes the La Voca business which has ceased trading.

Operational review

'Trading conditions in the first half were very difficult, although there has been some improvement in recent weeks,' said joint managing director David Kindl. 'Despite the challenges, we have focused on strengthening the business so it is positioned to return to earnings growth.'

'We are broadening the Noni B brand to appeal to the 40+ market segment, where we intend to become the dominant women's fashion retailer, building on the current success of our Liz Jordan and Noni B brands and our superior customer service. At the same time, we will reinforce our relationship with the 850,000 members of our loyalty program. A new website (www.nonib.com.au) was introduced during the half year, and an upgraded gift card proved very popular during the Christmas season.

'We are increasing communication with store managers and staff, as well as giving them more support in these uncertain times. The store employee bonus system has also been revised, increasing the focus on monthly, rather than seasonal, sales and instilling a greater sense of urgency.'

'Stock levels remain well under control and our new season's ranges have been well accepted by our customers. The effect of the lower Australian dollar is being significantly offset through more efficient buying and greater competition among overseas manufacturers, so we can continue to offer customers excellent value.'

'With Noni B's store refurbishment program nearly complete, capital expenditure during the 2009 calendar year is expected to be lower than 2008. In line with our strategy of building capacity for future growth, 12 new Noni B stores were opened and two were closed during the first half of FY2009, bringing the total to 211. Three further stores are due to be opened in the second half, and additional openings will depend upon our ability to negotiate satisfactory leases.'

'During the half year, we also closed the La Voca chain, in line with our announcement in June 2008. This restructuring was completed ahead of plan, enabling a saving of \$0.8 million after tax from the \$2.5 million after tax provision in the June 2008 accounts. There are no further commitments or liabilities related to the closure of La Voca.'

'The closure of La Voca, together with our low debt, places Noni B in a stronger position for the future.'

Outlook

'Sales to date in the second half are ahead of the comparable figures for Noni B stores last year, although percentage margins are lower as we meet the market,' said David Kindl. 'It is difficult in this uncertain economic environment to predict consumer demand and the impact of the latest government stimulus package, but at this stage we expect the performance of Noni B stores in the second half of FY2009 to be ahead of the second half of last financial year.'

Noni B Briefing

A briefing on the results will be held at the Union Club, 25 Bent Street, Sydney at 12.30pm on 18 February 2009.

Noni B Limited, founded in 1977, is one of Australia's leading women's fashion retailers with 211 stores nationally. Its two brands, Noni B and Liz Jordan, target the 40+ market.

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