

**Noni B Limited 2011 ANNUAL GENERAL MEETING
Address by the Chairman, Lynn Wood**

Ladies and Gentlemen,

As you are aware, 2011 was a difficult year for the retail fashion sector, and this was reflected in Noni B's results. Many of our customers – mainly 40+ women – were hit hard by the economic turbulence and by increases in household expenses and decreases in asset values, and they cut their expenditure on discretionary items such as fashion to help their family budgets.

As a result, while our sales, at \$117 million, were in line with the previous year, there was a decline in our gross profit margin due to discounting to meet the market. This led to an underlying after-tax profit of \$0.7 million for FY2011 compared with \$3.9 million in FY2010. After impairment of goodwill relating to the company's initial public offering in 2000, the after-tax profit was \$0.2 million.

An interim dividend of 1.0 cent fully franked was paid in April 2011, but we decided it would be prudent not to pay a final dividend in view of the uncertain retail outlook.

While these results were disappointing, the current increase in the savings rate means that our customers may have more to spend on discretionary items when consumer confidence returns. We are focusing, therefore, on ensuring that all parts of the business are operating efficiently so Noni B is well-positioned to bounce back strongly as consumer demand grows.

Review of Business Model

In order to ensure our business model is sustainable, we have reviewed every aspect of our business in detail over the past three years. This review has led to many changes to improve performance. Management is now closer to the shop floor, store staffing rosters are more aligned with demand and there is greater scrutiny of the profitability of each store. Importantly, cash flow remains strong, we have no bank borrowings, stock-turn increased last year and we had 10 per cent less inventory at the end of June than a year earlier.

During the past year, we have reinforced our vision statement which is now influencing everything we do. Our vision is simply to be our customers' favorite fashion retailer. We want all customers who come to our stores to keep coming.

Values

Four values underpin this vision.

1. Superior Customer Service

The first of these relates to customer service and commits us to do whatever it takes to create the best fashion experience for our customers.

The high level of customer service which differentiates Noni B depends on the skills and motivation of our staff, to whom we offer flexible hours to fit in with family responsibilities. We are also continuing to invest in their knowledge and skills; during the year all store managers completed a certificate course in retail studies and this opportunity has now been extended to assistant managers. The Equal Opportunity for Women in the Workplace Agency has commended Noni B for delivering this training program to many women who previously had never received a formal qualification.

Many customers share their views on our service through the Your Voice section of our website. These views are immediately communicated to our senior people so we can compliment staff in the many cases where the feedback is good or address any issues if we have not met customer expectations.

2. Teamwork

The second value concerns teamwork throughout our operations. We value diversity and work collaboratively to achieve the best outcomes for the business. Our diversity policy is outlined in the corporate governance statement in our annual report and we are committed to the policy's objectives. At the Executive Committee level Key Performance Indicators are now shared rather than individually allocated so we maximize cooperation between business units.

3. Community

Our third value is that every member of our team should be encouraged to lead the way in what he or she does. We always act ethically and honestly and try to make a positive difference in our community. We support charities such as Mission Australia and Dress for Success. Our store managers are also encouraged to support their local communities with fashion events which help them raise money for local charities.

4. Performance

Fourthly, we all are driven to perform. We believe every member of our team can contribute to the profitable growth of Noni B and should strive for excellence at all times. We introduced a Chairman's Award for Innovation when I became Chairman to encourage all staff to think about new ways of improving our business - anything that improves anything. The first winner of the award suggested we introduce the Your Voice Section of our website that I previously mentioned because we were receiving many letters from customers complimenting our sales staff on their service and she suggested we should publicize them better so potential customers would know about the service we offer and staff were better recognized for their efforts.

The winner this year is Evelyn McArthur, one of our business managers. Evelyn trialled a new 'styling by appointment' service in her stores and developed a business case for running the service storewide which she presented to Management. This new service has been successful in attracting customers who want more personal attention at a time that suits them and we have rolled it out nationally across our 214 stores.

We recognise that some of the changes in retail behaviour that have affected our performance will be permanent and we must adapt accordingly. A growing number of people are shopping online and in September 2011 we launched our own online store. While we expect most of our customers will continue to visit our stores to receive the personal service and advice for which Noni B is well known, our online store will enable us to reach new customers who do not live near a Noni B store, and perhaps even build an overseas customer base.

The difficult trading conditions over the past year have resulted in exceptional challenges for our people and I would like to thank all members of our team for their hard work, passion and determination to capitalise on the strengths that underpin the Noni B brand. I also thank you, our shareholders, for your continuing support.

Outlook**Now to the current year.**

The volatile demand we experienced in 2011 has continued into the new financial year. Sales so far are down slightly on the previous corresponding period, but our tight control of inventory has enabled us to once again avoid some of the most aggressive discounting so our average margin to date is slightly higher.

Our results for the six months to the end of December 2011 will, as always, depend on the critical pre-Christmas period. At this stage we are seeing few signs of increased spending, but consumer sentiment can change quickly and we are well placed to benefit when it does.

We will reinforce our three competitive strengths more clearly- our service which I have already described, our styles that cover casual, career and evening wear both in our Noni B classic label and our Liz Jordan designer label and our fit which is especially tailored for today's woman.

We have over 1 million customers with whom we are increasing communication through emails and social media. I am confident that our competitive strengths, and the initiatives we have taken to improve operations, will enable us to resume growth when our customers' confidence returns.

I now will ask David and James to talk about the company's operations in more detail, after which we will be pleased to answer questions.

Noni B Limited 2011 ANNUAL GENERAL MEETING
Address by the Joint Managing Director, David Kindl

Thank you Lynn

I would like to start by explaining that I'm responsible for the company's Strategy and Finance, and also for Administration, Distribution, IT, Property and Investor Relations. James, who will talk after me, looks after Buying and Marketing, our stores and Human Resources.

With consumers reluctant to spend, our main objectives during the 2011 financial year were to manage the business as efficiently as possible, and to position Noni B to benefit from permanent changes in consumer behaviour and from an eventual improvement in consumer confidence.

The volatility we are experiencing in our revenue is a major challenge as many of our costs – such as wages and rent – are fixed and rise every year. One of our solutions has been to restructure the business, removing middle management so our senior managers are closer to the shop floor and to our customers. All customer feedback comes directly to us and we are able to respond quickly and take any action that is needed.

New stores are only opened where we can negotiate attractive leasing terms and where we can share the risk with the landlord. I am pleased to report that we achieved a decrease in base rent for store leases that were renewed during the year. Eight new stores were opened and seven underperforming stores were closed, including clearance outlets which were no longer needed due to our tight stock management. We are currently under-represented in Victoria and Queensland, where the population is growing, and are looking for opportunities to open further stores in these states, especially in regional centres.

Choosing the right location is increasingly important, whether that is in a shopping centre or a high street. One store doubled its profit as a result of moving from a shopping centre to a high street, and a new store which opened during the year in a high street location achieved our highest opening day sales in three years.

We are always looking for better ways to do things: as part of a detailed review of all areas of the business, we examined our supply chain and are satisfied there are significant advantages in our existing local inventory model. This enables us to source product from different factories, mitigating production cost increases, and benefit from changes in trading terms.

Some of the challenges the retail fashion industry is facing today are likely to be permanent, and we have had to adapt our business model accordingly.

Although our customers have been telling us that they prefer to visit a Noni B store to receive the excellent service for which we are known, the trend towards online shopping is expected to grow. Our online store, launched in September 2011, has made a selection of Noni B and Liz Jordan styles accessible to a wider range of consumers, and especially those who live in remote locations or are time-poor and choose to shop online. Although it is still early days, we are pleased with the initial response, and especially the first orders we have received from overseas.

While our Noni B and Liz Jordan fashion is now available online, we see the rise in online shopping as an opportunity to differentiate Noni B through the personal service and advice on style, colour and fit that customers currently receive in our stores.

We will continue to review and, when necessary, refine every part of our business, and manage costs and inventory tightly so we can avoid the more aggressive discounting we have seen in the fashion sector in the past year.

While the current retail environment is challenging, we are far from discouraged. We have experienced downturns in consumer spending before – notably after the introduction of the GST – and we are confident that Noni B will recover strongly as it has in the past, helped by the increase in savings that is taking place across the country. The changes that have been made and the initiatives taken during the past year, together with Noni B's sound financial position, will add further strength to the company's reputation and brand and enable us to increase our share of our target market.

**Noni B Limited 2011 ANNUAL GENERAL MEETING
Address by the Joint Managing Director, James Kindl**

Thank you David

Lynn mentioned that, following a review of all aspects of our business, we have made a number of changes to improve operational performance. One of these has been to increase our focus on the individual profitability and productivity of each store.

We negotiated a new three-year enterprise agreement during the year, and rosters have been changed so stores are fully staffed at times of peak demand. Increased investment in training has improved service standards, and the introduction of 'styling by appointment' is enabling staff to give individual attention to customers who have a particular need and want advice on style and fit at a time that suits them.

While we have succeeded in increasing our average full price margin, extreme discounting by retailers with excess inventory has resulted in us having to discount to maintain revenue. We have resisted the urge to cut service standards and have continued to invest in branding, promotions and marketing to expand our demographic and encourage traffic into our stores.

We believe there will be increasing divergence between retailers who compete on price and those whose brands offer a special shopping experience. Noni B already has a reputation with our regular customers for personal service and advice which help them to choose the best style, colour and fit for them, and one of our objectives is to broaden awareness of this difference to attract additional customers.

Noni B is also known for our wide range of exclusive career, casual and evening wear and for offering the latest contemporary fashion to match customers' busy lifestyles. We have plans to extend our product range into new areas, capitalising on the Noni B brand, and for some exciting promotional initiatives to increase sales and tempt customers to spend more.

During the year, we renegotiated terms with our suppliers so the stronger Australian dollar is reflected in higher full price margins, without taking on currency risk. We also appointed a new jewellery supplier, increasing the commission we receive on jewellery sales.

We have undertaken detailed research into customers' perceptions of our Noni B and Liz Jordan labels and what they expect from us. This has helped us plan effective marketing events and new product ranges. In particular, this research has indicated that our brand remains strong. There are, however, members of our loyalty club who have not shopped at a Noni B store since the beginning of the global financial crisis and we see this as an opportunity to re-engage with them.

The loyalty club database has over one million names and addresses. Half of these are regular Noni B customers and 91,000 new names were added during the year. Emails and digital media, including Facebook and Twitter, are enabling us to engage regularly and cost-effectively with our customers; by asking how often and through what means they would like to hear from us, we are tailoring our communication to their individual needs.

We regard ourselves as a part of the communities in which we operate, and support many local charities and events. During the year we also contributed to Mission Australia, Dress for Success and the Victorian and Queensland flood appeals.

We are fortunate to have a great team of people, passionate about customer service and determined to succeed in everything they do, and we thank them for their ongoing commitment to Noni B.

Finally, I share David's confidence that, following the initiatives we have taken recently, Noni B is a more efficient business and well placed to prosper as consumer demand returns.