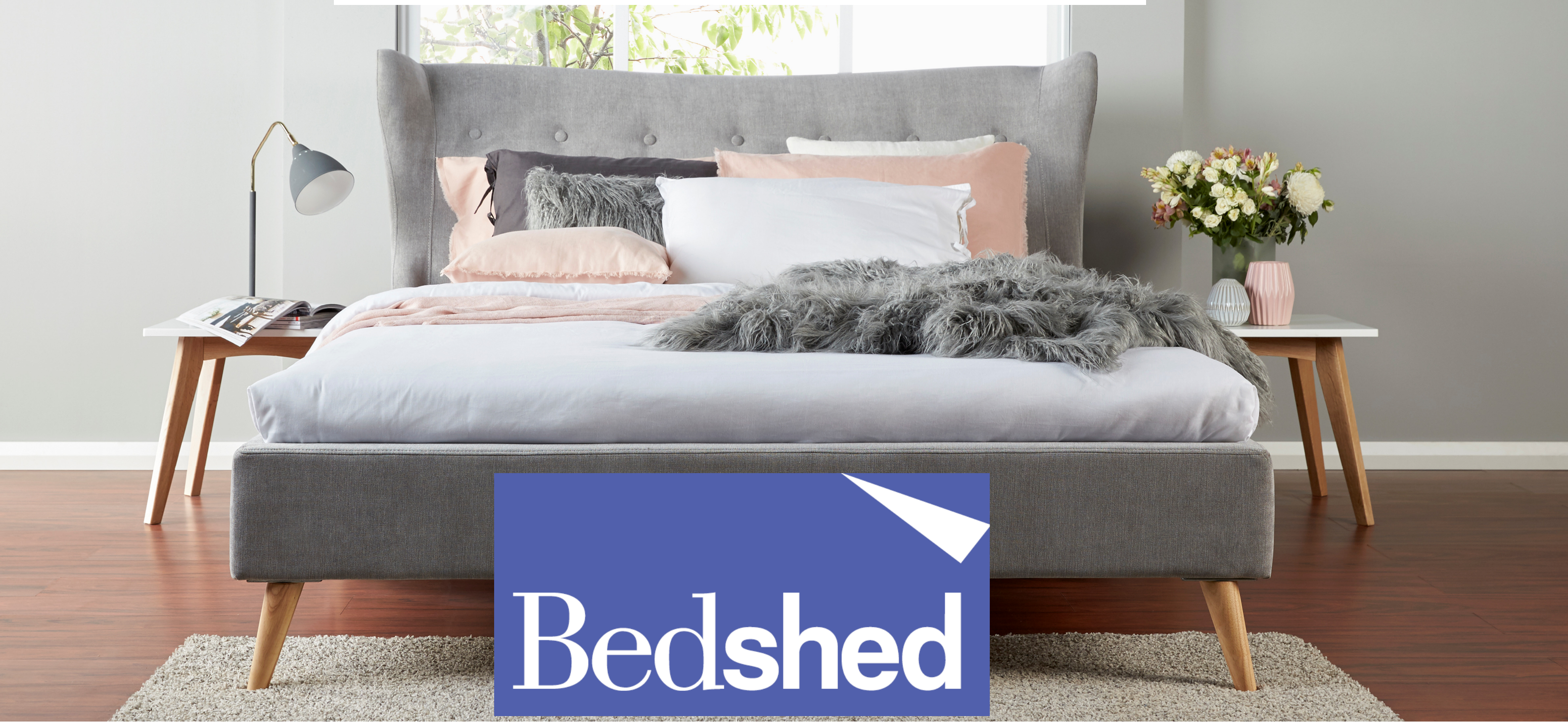
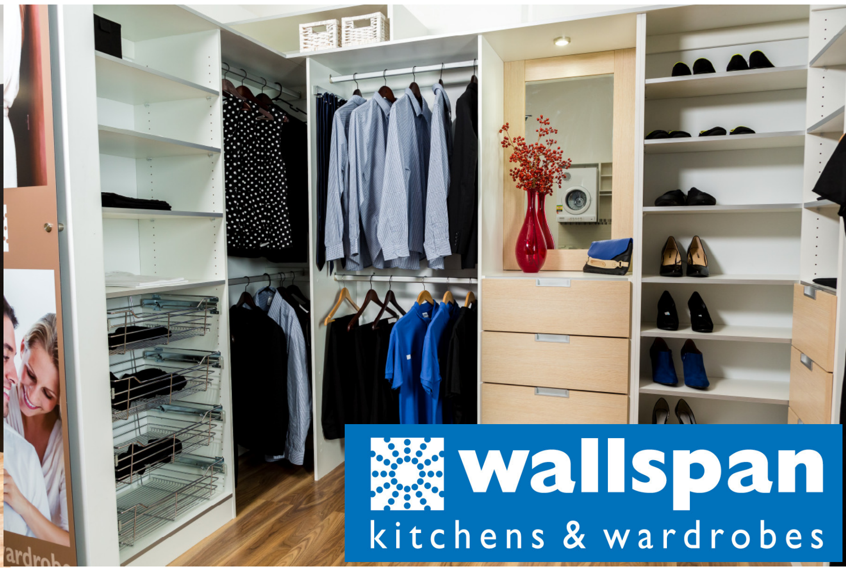
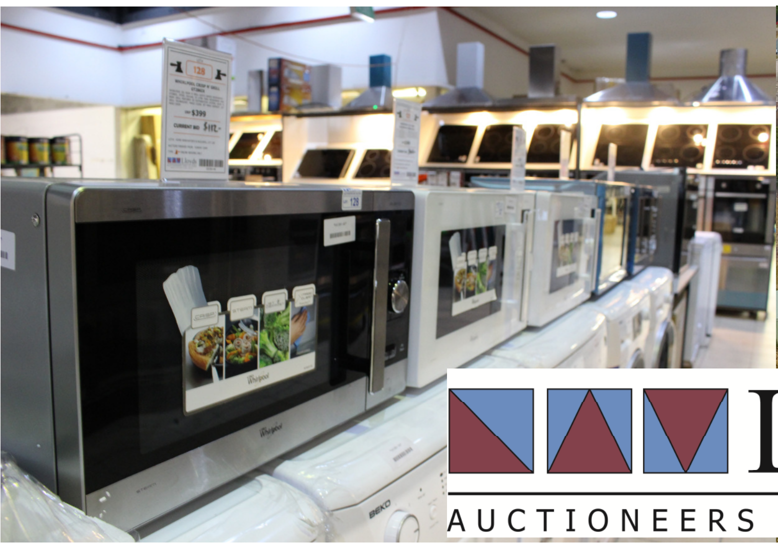
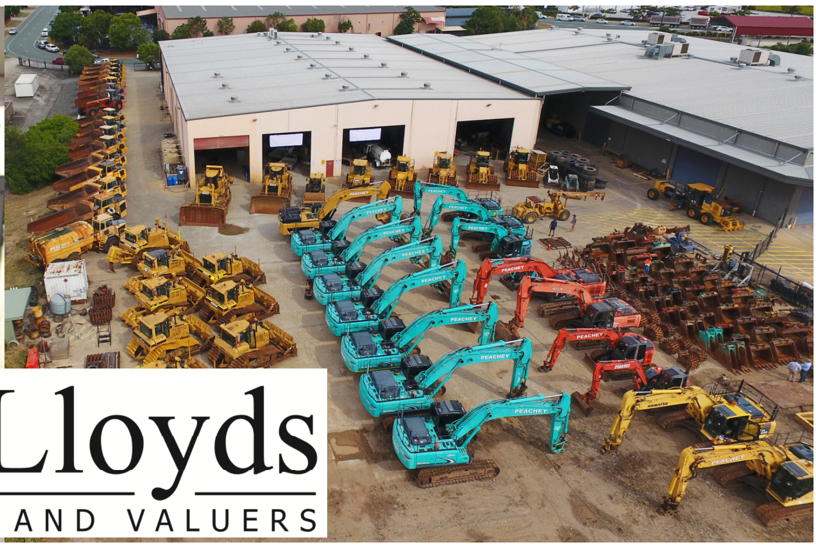
JOYCE CORPORATION LTD

SINCE 1886









Joyce Corporation Ltd

AND CONTROLLED ENTITIES

ABN: 80 009 116 269

Annual Report 2017

Corporate Directory

Directors	D A Smetana *Chairman* M A Gurry T R Hantke A Mankarios K Gadsby appointed 1 July 2017
Secretary	K Gray
Notice of annual general meeting	The Annual General Meeting of Joyce Corporation Ltd **will be held at:** Bedshed Central Office 75 Howe Street Osborne Park 6017 Western Australia **time:** 10:00am **date:** 30 November 2017
Principal registered office	75 Howe Street, Osborne Park, WA, Australia, 6017 Tel: +61 8 9445 1055
Share register	Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace Perth WA 6000
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Australia
Solicitors	MDS Legal Level 2, 16 Irwin Street, Perth WA 6000 Australia
Bankers	St George Bank Level 2 Westralia Plaza 167 St Georges Terrace Perth WA 6000 Australia
Stock exchange listings	Joyce Corporation Ltd shares are listed on the Australian Securities Exchange (ASX : JYC).
Website address	www.joycecorp.com.au
ABN:	80 009 116 269

ANNUAL REPORT CONTENTS

CHAIRMAN'S REPORT

I am pleased to provide the annual report of Joyce Corporation Ltd for the year ending 30 June 2017.

Joyce Corporation has delivered a solid performance, successfully integrating newly acquired ventures and have maximised on the value created from investments for our shareholders. Highlights for the 2017 financial year, was the strong growth in the kitchen and online auctions businesses.

It is pleasing to report that revenues for 2017 were up 43.4% year on year to $81.1 million, leading the Company to record a statutory profit after tax and non-controlling interest of $2.8 million.

The Company achieved net assets per share attributable to members of 89 cents undiluted as at 30 June 2017. The earnings per share after tax (EPS) were 10 cents on a undiluted basis.

Joyce made a strategic acquisition in Lloyd's Online Auctions from 1 July 2016, which complements our other business units and enables the Company to enter into the rapidly expanding online retail space. With solid plans for expansion, the business added $16.37 million to consolidated revenue in the 2017 financial year.

In line with our 2015 plan and our commitment to providing strong returns to shareholders, we have announced a final franked Dividend of 6.0 cents per share payable in late November 17. This will take the total full year Dividend to 11.5 cents per share fully franked. The dividend comprises a final dividend of 3 cents and special dividend of 3 cents respectively both fully franked.

As a consequence of an acquisition, we have consolidated 51% of Lloyds online Auctions (LOA) and Lloyds Auctioneers and Valuers into the group. Lloyds Online as a business unit performed well compared to the comparable period in 2016. We invested in business opportunities growing additional categories in the online auction business. This has elevated us to leader status in many categories developed in the Business to Business (B2B) and Business to Consumer (B2C) sectors. Classic cars, yellow equipment, and consumer goods all setting record prices at auctions during the year. Additional national footprint investment occurred with additional Auctions taking place in Victoria and NSW during the year.

Both KWB Group Pty Ltd (Kitchen Connection and Wallspan Kitchen and Wardrobes) and Bedshed's operations total revenue increased. Kitchens continued with solid double-digit growth of 16 % Like for Like (L4L) growth achieved in this reporting period and total Bedshed revenue escalating by 10% for financial year 2017.

Bedshed grew total numbers of stores adding two additional Franchise stores at Northlakes (QLD) and Hoppers Crossing (VIC) whilst re-opening the Fyshwick (ACT) Franchise store.

There are a number of new sites planned for financial year 2018 across the group. Much of the growth plan involves an expansion in national footprint across the group consistent with the strategic plans previously communicated to the market.

Over the last 6 months, Bedshed initiated a compelling campaign to attract suitable Franchisees to NSW and Sydney. Offering substantial incentives to prospective approved Franchisees wishing to open in Sydney. We anticipate this will progress in the next period.

The Company finalised development and construction of our new Osborne Park WA Corporate Office and warehouses. We leased part of the additional warehouse space in August 2017 and our corporate offices moved to the new facility in late December 2016.

The new property purchased at Lytton in QLD for our Kitchen division is a modern facility occupying over 6,600 square meters on 10,000 square meters of land near the busy Brisbane port side suburb of Lytton. This has now begun earning revenue from rental streams on long-term lease. Subsequent to year-end an independent valuation of this property was completed and has shown an increase in value on the original base purchase price to $9.5m.

The group is poised for further growth and the underlying business units are forecasting performance gains in financial year 2018. The Company has very low bank debt levels.

CHAIRMAN'S REPORT (CONTINUED)

We have announced the appointment of Karen Gadsby as a Director of Joyce Corporation Ltd effective from 1st July 2017. I welcome Karen and endorse her standing for election at the coming annual general meeting in November.

I would like to thank all our management team, our partners and our board along with our Executive Director Anthony Mankarios for consistent improved performances.

I have no hesitation in commending Joyce Corporation Ltd to you.

Dan Smetana
Non- Executive Chairman

EXECUTIVE DIRECTOR'S REPORT

Director's Operational Review

The Company announced a statutory profit for the year after tax attributable to members of $2.8M compared to $2.3M to 30thJune 2016. The year compared favourably on a continuing business after tax profit basis of $5.8M in 2017 up from $3.46M in 2016.

The Consolidated group profit on a continuing basis, including non-controlling interest was $5.8 Million for the period ending 30th June 2017.

The group grew revenues by 43.4 % on the previous year to $81.1 Million.

Cash generated from operations was $5.3 Million in 2017 compared to $2.2 Million in 2016.

Bedshed Franchising & Company Stores ("Bedshed")

This cash flow generating business unit managed to improve the underlying like for like earnings on the previous year. Total network written sales maintained modest growth on a like for like basis in a challenging bulky goods retail environment.

Whilst company owned store statutory earnings performance was down on last year, the Bedshed company owned stores underlying like for like earnings was modestly up on last year and revenue growth was also up in double-digits. There are five Company stores with two in WA and three in QLD. Three franchise stores traded for less than the full year with the full year benefit to be realised in the 2017/18 financial year. The business continues to invest in future growth by providing our customers with a leading customer experience and world-class shopping environment. We have fast tracked the new "Evolution" fit-out program with eight more stores completed in this year; additional Franchise stores have committed to completing this program in 2018. Revenues from these stores were initially affected during the fit out period. However, historic performance shows stores adopting the evolution program expect to obtain double-digit growth in the period after completion.

Bedshed added new Franchise stores in Victoria and Queensland during the year and up to three new stores are planned in the coming year.

KWB Group Pty Ltd ("KWB")

Kitchen Connection and Wallspan wardrobes' retail showrooms were upgraded during the period and additional showrooms opened. The KWB stores are inspiring, contemporary and provide a complete kitchen showroom experience for our customers. KWB currently operates in QLD, NSW and SA with fifteen stores. The focus has been on exemplary customer service and delivery of kitchens at the highest standards in Australia.

The business grew strongly, with sales revenue up by 16% in 2017, and it is currently exceeding growth expectations in 2018.

The Company is fully cash funded, with low bank debt secured against the new Lytton property. The property was purchased for $8M during late financial year 2017. The business has considerable orders on its books. The cash position is strong and this subsidiary continued to pay fully franked dividends.

KWB has signed up two new leases for 2018 and is working on additional opportunities. There are also opportunities arising from the purchase of and now fully let Lytton manufacturing and office building. Additional cost savings derived from freight and procurement will allow this business to continue to invest in its growth plans.

EXECUTIVE DIRECTOR'S REPORT (CONTINUED)

Lloyds Online Auctions (Lloyds)

After an acquisition of 51% of Lloyds Online Auctions, this business unit was consolidated into Joyce Corporation on 1 July 2016. The business performed well, exceeding revenue growth expectations and quickly gaining market share in the online market for business to business (B2B) and business to consumer (B2C) sectors.

The business gross auction sales grew to $88M from $48M in 2016. Lloyds has become a market leader in classic car auctions and gained exceptional industry top prices for yellow equipment and portable buildings during the year.

Its traditional B2C market also grew and gained considerable national spread with online auctions simultaneously used in all its auctions.

Considerable investment of over $1M was made into these new categories and the underlying EBITDA was just over $4M for FR17 up from $2.77M in 2016. The statutory EBIT was $2.97M also up on last year.

There is considerable growth expected as national expansion is planned in Victoria, NSW and other states.

Future Outlook

The Company has maintained steady fast growth in revenue and profitability for continuing operations for the last three to four years.

The Company's revenue growth prospects are positive given the growth in overall business unit performances. The Company plans to introduce additional Bedshed stores and Kitchen Connection and Wallspan Kitchen and Wardrobe showrooms.

The Company has achieved successful earnings and cash flow development with its related subsidiary company KWB Group Pty Ltd and Lloyds Online Auctions Pty Ltd there is potential for this to expand from its existing geographical operational areas.

KWB continued with increased fully franked cash dividend payments. This will aid the Joyce Group to continue paying fully franked dividends to shareholders in the future.

The Company's new premises at Osborne Park WA was completed and a new rent stream from this to Joyce commenced in August 2018.

Similarly, additional rent streams from KWB Property Holdings Pty Ltd property at Lytton QLD have commenced in financial year 2018.

Joyce's vision is to produce above average market returns to its shareholders through partnering in various business opportunities; it aims to eventually enhance the group by assisting with the expansion across Australia. We anticipate that our footprint into the premium "do it for me" and business to consumer " B2C" markets will grow consistently in the coming years.

Mr A. Mankarios
Executive Director

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity, consisting of Joyce Corporation Ltd ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The names of the Company's Directors in office during the year ended 30 June 2017 and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr D A Smetana	Chairman (non-executive)	
Mr T R Hantke	Non-executive Director	
Mr M A Gurry	Non-executive Director	
Mr A Mankarios	Executive Director	
Ms K Gadsby	Non-executive Director	appointed 1 July 2017

SECRETARY

Mr K Gray

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Consolidated Entity consisted of being:

(a) The franchisor of the Bedshed chain of retail bedding stores;
(b) An owner of a number of Bedshed retail stores;
(c) Property;
(d) Majority owner of 51% of KWB Group Pty Ltd operating kitchen and wardrobe supply and installation under Kitchen Connection and Wallspan Kitchen and wardrobes; and
(e) Majority owner of 51% of Lloyds Online Auctions Pty Ltd an online auctions and valuers.

The significant changes in the nature of the principal activity of the Consolidated Entity were the acquisition of 51% in Lloyds Online Auctions on 1 July 2016 and the purchase of property in Brisbane by the KWB Group Pty Ltd in April 2017.

REVIEW AND RESULTS OF OPERATIONS

During the year ended 30 June 2017 ("the Financial Year") the Consolidated Entity achieved revenue from continuing operations of $81.1m (2016: $56.5m) and a profit from continuing operations before tax of $8.52m (2016: $5.28m) and an overall net profit after tax of $5.82m (2016: $3.98m). The revenue increased from the consolidation of Lloyds Online Auctions Pty Ltd from 1 July 2016 and total Bedshed revenue increased with the full year of two north Queensland stores.

Financial Position

At 30 June 2017, the Consolidated Entity had equity of $26.5m (2016: $26.0m) including non-controlling interest; with dividend payments of $3.22m in 2017 ($3.6m in 2016). Cash and cash equivalents decreased from $15.25m in 2016 to $5.3m at 30 June 2017 after acquisition of 51% of Lloyds Online, completion of building work at Osborne Park in Perth and acquisition by KWB of a property in Brisbane. Unutilised debt facilities were $150k (2016: $1.4m).

Bank Facilities

The Consolidated Entity has its long-term debt funding facility with St George Bank approved to 1 January 2020. The bank bill facility was fully drawn at 30 June 2017. Subsequent to year-end this approval was increased by $1.0M and extended to 30 June 2020 with the total reducing $100k per year from 30 June 2019. An annually approved multi option facility of $900k, including $150k overdraft, was approved in December 2016 and subsequent to year-end approved for a further year. The overdraft was undrawn at 30 June 2017.

The 51% owned KWB Group completed the purchase of property in Lytton Brisbane for $8m utilising a $5.6m standalone facility fully drawn in April 2017 from Commonwealth Bank for KWB Property Holdings Pty Ltd a three-year term. The facility additionally provides bank guarantee facility of $500k which at year-end was undrawn.

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Consolidated Entity will look to further develop the Bedshed business through the expansion of its network of franchised stores whilst consolidating the improved financial performance of Company owned and operated stores. The KWB business will continue to invest in additional stores and property in Brisbane, which is fully let. The property will add significant EBIT during the year with the full benefit being realised during 2018/19 financial year. Lloyds will continue to expand its footprint to other states and has commenced auctions outside of Queensland.

DIVIDENDS

Dividends declared or paid during the financial year are as follows:

	2017 *$000*	*2016* *$000*
Distributions paid or payable		
Final fully franked ordinary dividend of 3.0 (2015: 2.1) cents per share (Paid 23 October 2015)		839
Special fully franked dividend of 5.0 (2015:Nil) cents per share (Paid 16 December 2015)		1,399
Interim fully franked dividend of 3.0 (2015:2.5) cents per share (Paid 14 April 2016)		839
Special fully franked dividend of 2.0 (2015:Nil) cents per share (Paid 14 April 2016)		559
Final fully franked ordinary dividend of 3.0 (2016: 3.0) cents per share (Paid 18 November 2016)	839	
Special fully franked dividend of 3.0 (2016: 5.0) cents per share (Paid 18 November 2016)	839	
Interim fully franked dividend of 3.5 (2016:3.0) cents per share (Paid 14 April 2017)	979	
Special fully franked dividend of 2.0 (2016: 2.0) cents per share (Paid 14 April 2017)	559	
	3,216	3,636

The Board will continue to review the Company's ability to pay dividends and will continue with the payment of regular dividends in line with the dividend policy and available liquidity.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity were the acquisition of 51% in Lloyds Online Auctions on 1 July 2016 and the purchase of property in Brisbane by the KWB Group Pty Ltd in April 2017.

SIGNIFICANT AFTER REPORTING DATE EVENTS

A fully franked dividend of 3 cents per share was declared on 31 August 2017 and payable 22 November 2017. A further special dividend of 3 cents per share fully franked will be paid on the same date.

Other than disclosed above no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect:

(a) the Consolidated Entity's operations, or
(b) the results of those operations, or
(c) the Consolidated Entity's state of affairs.

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS

Mr D A Smetana *Chairman - Non-executive.* Age 73.
Dip Comm FCPA FAIM FAICD

Experience and expertise
Mr Smetana has been Chairman of Joyce Corporation Ltd since 1984. He is also the Chairman of Bedshed Franchising Pty Ltd and has held this position for 30 years. He is a past President of the Industrial Foundation for Accident Prevention and remains a Director of Polymetalica Australia Ltd and a Director of Korab Resources Limited.

His past board memberships include: Director of Edge Employment Solutions Inc, Deputy Chairman of Youth Focus Inc (1998 - 2007), Deputy Chairman Western Power Corporation and Chairman of its Finance Committee until 2003, Chairman and National Councillor of the Defence Reserves Support Council - WA (1997 - 2006), Director of WA Symphony Orchestra until 2003. Vice President and Councillor of the WA Federation of Police and Community Youth Centres (Inc.) and Chairman of the Department of Training and Employment, Science & Technology Advisory Group.

His awards include the 2003 Centenary Medal for Service to Commerce and the Community, the 2007 Ian Chisholm Award for Distinguished Service to Occupational Health & Safety and the 1998 WA Business Executive of the Year award.

Other current Directorships of listed companies
None

Former Directorships of listed companies in last 3 years
None

Special responsibilities
Chairman of the Board
Member of the Audit Committee

Interests in shares and options
9,874,129 beneficial fully paid ordinary shares in Joyce Corporation Ltd.
380,000 partly paid (issued at $1.955 and paid to $1.768) unlisted ordinary shares in Joyce Corporation Ltd.

Mr M A Gurry. – *Non-executive Director.* Age 70.
Bachelor of Science Dip AICD FAICD FAIM SF Fin

Experience and expertise
Mr. Gurry was Managing Director of HBF from 1995 to 2007 and prior to that, he was President Asia Pacific of the DMR Group Ltd, an international consulting firm. From 1996 to 1999 he was Vice President of the Asian Association of Management Organizations, from 1997 to 1999 National President of the Australian Institute of Management and from 1999 to 2008 Chairman of United Way WA Inc. Mr. Gurry is currently Chairman of Foundation Housing Limited, former Chairman of the Forest Products Commission, and former Chairman of Reignite Pty Ltd, a councilor of HBF Ltd and has served on numerous Boards including the Australian Health Insurance Association, The Australian Information Industry Association, The West Australian Ballet and Integrated Group Ltd.

Other current Directorships of listed companies
None

Former Directorships of listed companies in last 3 years
None

Special responsibilities
Chairman of the Audit Committee
Member of the Remuneration Committee

Interests in shares and options
56,878 ordinary shares

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS (CONTINUED)

Mr T R Hantke. – *Non-executive Director.* Age 69.
Bachelor of Commerce, FAIM, FAICD

Experience and expertise
Mr Hantke is Managing Director of his own consultancy practice, Franchising Solutions Pty Ltd. Prior to this he was the CEO of Snap Franchising from 1988 – 2001. He has been a Director of Bedshed Franchising Pty Ltd since February 2002 and was appointed to the Joyce Board in June 2006. He was a Board Member of the Franchise Council of Australia 1989 – 1996, a Member of the Franchise Policy Council 1997 – 2002 and a Member of the ACCC's Franchise Consultative Committee. Mr Hantke is a Non-Executive Director of Mrs. Macs Pty Ltd. and Bentech Assistive Technologies Inc, and a former Non-Executive Director and Chairman of Central Purchasing Services Ltd. He also mentors and coaches CEO's and Business Owners for The Executive Connection and is an accredited commercial mediator. Tim has extensive managerial experience in both small and large organisations and in various industries.

Other current Directorships of listed companies
None

Former Directorships of listed companies in last 3 years
None

Special responsibilities
Chairman of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options
20,000 ordinary shares

Mr A Mankarios. – *Executive Director* Age 50.
MBA, FAICD, CFTP

Experience and expertise
Mr Mankarios was appointed Executive Director of Joyce Corporation Ltd (ASX: JYC) and Bedshed Franchising Pty Ltd in March 2010 after an executive restructure. Prior to this, Mr Mankarios was a Non-Executive Director of Joyce Corporation and Bedshed Franchising Pty Ltd since September 2008. Mr Mankarios is an experienced Director and Manager who has played a key role in Joyce's underlying business growth performance since 2010. He is also a Non-Executive Director of KWB Group Pty Ltd, which is a fast growing Kitchen Connection and Wallspan business; a Director of the Lloyds Online Auctions Pty Ltd Group and Chairman of Man Investments and Consultants as well as being involved in a number of other private companies.

Mr Mankarios is currently a Non-Executive Director of Inventis Limited (ASX: IVT) and holds Non-Executive positions in a number of private companies. His experience covers multiple sectors and sized companies across manufacturing, property, wholesale, retail, importing and Franchise businesses in Australia and in Asia.

Other current Directorships of listed companies
Inventis Limited

Former Directorships of listed companies in last 3 years
None

Special responsibilities
Member of the Remuneration Committee. Member of the Audit Committee.

Interests in shares and options
719,545 ordinary shares

DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

The Company Secretary is Mr K Gray.

Mr Gray was appointed to the position of Chief Financial Officer and Company Secretary on 19 January 2010. Mr Gray holds a Bachelor of Economics and is a qualified CPA. An experienced Chief Financial Officer and Company Secretary having acted in these roles with a number of listed companies in mining services, industrial, wholesale and retail.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

			Meetings of committees			
	Full meeting of Directors		Audit		Remuneration	
	A	B	A	B	A	B
D A Smetana	11	11	4	4	-	-
M A Gurry	11	10	4	4	3	3
T R Hantke	11	11	4	4	3	3
A Mankarios	11	11	4	4	3	2

A = Number of meetings held
B = Number of meetings attended during the time the Director held office or was a member of the committee during the year

The Executive Director attended committee meetings during the year, either in full or part, by invitation of the relevant Committee. Mr Mankarios did not attend one meeting of the remuneration Committee, as this meeting related to his contract and remuneration.

REMUNERATION REPORT - AUDITED

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration.
B. Service agreements
C. Details of remuneration
D. Share-based compensation
E. Equity instrument disclosures relating to key management personnel
F. Link between remuneration policy and Company performance
G. Voting at the 2016 Annual General Meeting
H. Independant salary and incentive review
I. Loans and other transactions with Directors and Executives

The information provided in this remuneration report is also included in the financial report which has been audited as required by section 308(3C) of the Corporations Act 2001.

As well as the Directors previously mentioned in this Directors' Report, other Key Management personnel of the Group include:

Mr G Culmsee	General Manager Bedshed Franchising Pty Ltd
Mr K Gray	Chief Financial Officer Joyce Corporation Ltd
Mr J Bourke	Managing Director KWB Group Pty Ltd
Mr C Palin	Finance Director KWB Group Pty Ltd
Mr A Webber	Director Lloyds Online Auctions Pty Ltd and its subsidiaries
Mr M L Hames	Chief Operating Officer Lloyds Online Auctions Pty Ltd

REMUNERATION REPORT – AUDITED (CONTINUED)

A. Principles used to determine the nature and amount of remuneration

Remuneration Committee

The Remuneration Committee Charter establishes the role of the Remuneration Committee, which is to review and make recommendations on Board remuneration: senior management remuneration; executive share plan participation; human resource and remuneration policies; and senior management succession planning, appointments and terminations.

The main responsibilities of the Remuneration Committee includes reviewing and making recommendations on remuneration policies for the company including, in particular, those governing the directors and senior management.

The Remuneration Committee comprises a majority of non-executive directors and at least three members. The Chairman of the committee is appointed by the Board and must be a non-executive director.

The Remuneration Committee is required to meet as and when required by the Chairman. The committee may invite persons deemed appropriate to attend meetings and may take such independent advice as it considers appropriate. Any committee member may request the Chairman call a meeting.

The Remuneration Committee is required to assess its effectiveness periodically. In addition, the Charter is required to be reviewed annually and updated as required.

Remuneration Policies

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

In consultation with external remuneration consultants, where appropriate, the Consolidated Entity has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. There was no remuneration consultant used during the financial year.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands that are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board considers, where appropriate, the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

The current base remuneration was last independently reviewed in December 2016. Executive Directors who are members of a committee do not receive additional yearly fees.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum and was approved by shareholders at the Annual General Meeting on 22 November 2012.

Executive pay

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process involves the review of the Consolidated Entity and individual performance, and relevant comparative remuneration in the market.

Variable Remuneration - Short Term Incentives

The goals consist of a number of key performance indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are contributions to net profit before tax, cash targets and departmental functional KPI's. At the end of the financial year the remuneration committee assesses the actual performance of the Consolidated Entity, the relevant segment and individual against the KPIs set at the beginning of the financial year. Should the Consolidated Entity, or the relevant segment, achieve the set KPIs, the Board will reward the key management personnel with a bonus during the salary review. A percentage of a pre-determined maximum amount is awarded depending on results. No bonus is awarded where performance falls below the minimum. There are no long term incentives.

Variable Remuneration - Long Term Incentives

The present scheme consists of specific financial goals for the Executive Director to achieve over a 3-year period ending 30 June 2017, amount has been fully provisioned. Should these be achieved a cash bonus is payable.

B. Service Agreements

This remuneration report outlines the director and executive remuneration arrangements of the Consolidated Entity in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, Key Management Personnel ("KMP") of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Executive Director, Senior Executives and Company Secretary of the Consolidated Entity.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (CONTINUED)

Details of key management personnel (including the Senior Executives of the Consolidated Entity):

Mr D A Smetana	Non-Executive Director and Chairman
Mr M A Gurry	Non-Executive Director - Chairman of Audit Committee
Mr T R Hantke	Non-Executive Director - Chairman of Remuneration Committee
Mr A Mankarios	Executive Director
Mr G Culmsee	General Manager Bedshed Franchising Pty Ltd
Mr K Gray	Chief Financial Officer and Company Secretary
Mr J Bourke	Executive Director KWB Group Pty Ltd
Mr C Palin	Executive Director KWB Group Pty Ltd
Mr A Webber	Director of Lloyds Online Auctions Pty Ltd and its subsidiaries
Mr M L Hames	Chief Operating Officer Lloyds Online Auctions Pty Ltd

The employment conditions of all Key Management Personnel are formalised in contracts of employment. Other than Directors, the Executive Director and the CFO, who are engaged by Joyce Corporation Ltd all other executives are permanent employees of Bedshed Franchising Pty Ltd. KWB Group Pty executives are engaged as permanent employees. Andrew Webber is paid a salary for his auction licence.

The Executive Director has a service contract, which at the date of this report runs to 30 June 2018 at a rate adjusted for CPI current at 30 June 2018. This is an at call role, which allows a Directors fee and hourly charge for work undertaken above this and paid monthly. All out of pocket expenses in connection with carrying out the role are reimbursable.

Related party transactions with Key Management Personnel
Please refer to Note 25 related party transactions.

Other Executives
All executives have rolling contracts. The Consolidated Entity can terminate each contract by providing from two months to six months written notice or providing payment in lieu of the notice period (based on the fixed component of the executives' remuneration). The Consolidated Entity may terminate an executive for serious misconduct without notice. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed up to the date of termination.

2017	*Term of agreement*	*Notice Period In months*	*Termination payment in months*
Mr G Culmsee	rolling	3	3
Mr K Gray	rolling	3	3
Mr C Palin	rolling	3	3
Mr J Bourke	rolling	3	3
Mr A Webber	3 years	-	-
Mr M L Hames	rolling	3	3

For base salary and superannuation, see table at C below

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Details of remuneration

	Short-term Employment benefits			**Post-Employment benefits**	**Long-term benefits**	**Total**	**% relating to performance**
	Salary & Fees	Cash Bonus	Non-Monetary benefits	Superannuation	Term Benefits AL & LSL		
30-Jun-17							
Non-Executive Directors							
Mr D A Smetana	175,494	-	-	16,672	-	192,166	-
Mr T R Hantke	77,598	-	-	7,371	-	84,969	-
Mr M A Gurry	77,598	-	-	7,371	-	84,969	-
Total Non-Executive Directors	**330,690**	**-**	**-**	**31,414**	**-**	**362,104**	**-**
Executive Director							
Mr A Mankarios[1]	223,917	250,000	-	-	-	473,917	52.75%
Total Directors	**554,607**	**250,000**	**-**	**31,414**	**-**	**836,021**	
Mr G Culmsee[2]	242,355	58,446	-	23,023	-	323,824	18.05%
Mr K Gray[2]	211,023	46,885	-	20,047	-	277,955	16.87%
Mr J Bourke[3]	310,000	78,963	-	35,604	-	424,567	18.60%
Mr C Palin[3]	231,444	62,113	-	29,162	-	322,719	19.25%
Mr A Webber[4]	66,346	-	-	6,303	-	72,649	-
Mr M L Hames [5]	124,615	-	-	11,838	-	136,453	-
Total Other Key Management personnel	**1,185,783**	**246,407**	**-**	**125,977**	**-**	**1,558,167**	
Total Remuneration:	**1,740,390**	**496,407**	**-**	**157,391**	**-**	**2,394,188**	**19.41%**
30-Jun-16							
Non-Executive Directors							
Mr D A Smetana	174,634	-	-	16,590	-	191,224	-
Mr T R Hantke	69,853	-	-	6,636	-	76,489	-
Mr M A Gurry	69,853	-	-	6,636	-	76,489	-
Total Non-Executive Directors	**314,340**	**-**	**-**	**29,862**	**-**	**344,202**	**-**
Executive Director							
Mr A Mankarios[1]	181,041	330,000	-		-	511,041	64.57%
Total Directors	**495,381**	**330,000**	**-**	**29,862**	**-**	**855,243**	**-**
Mr G Culmsee[2]	230,814	61,946	-	21,927	-	314,687	19.68%
Mr K Gray[2]	188,208	60,926	-	17,879	-	267,013	22.82%
Mr J Bourke[3]	263,207	-	-	25,005	-	288,212	-
Mr C Palin[3]	207,046	-	-	19,669	-	226,715	-
Total Other Key Management personnel	**889,275**	**122,872**	**-**	**84,480**	**-**	**1,096,627**	**-**
Total Remuneration:	**1,384,656**	**452,872**	**-**	**114,342**	**-**	**1,951,870**	**23.20%**

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Details of remuneration (continued)

1. Mr A Mankarios was paid a cash bonus based on key performance criteria, which requires performance meets or exceeds the group budget and also achieves successful completion of predetermined events at the discretion of the Directors. There is an annual short-term bonus and long-term three-year incentive that is performance based on meeting board approved targets. He is contracted to 30 June 2018.
2. Bonuses paid to other key management personnel were at the discretion of the Directors.
3. Mr J Bourke and Mr C Palin were Directors of KWB Group Pty Ltd prior to KWB Group Pty Ltd becoming a subsidiary of Joyce Corporation Ltd in November 2014, they continue as Directors of KWB Group Pty Ltd at the date of this report. Their remuneration above is for the entire current and comparative financial years.
4. Mr A Webber was a Director of Lloyds Online Auctions Pty Ltd prior to Lloyds Online Auctions Pty Ltd becoming a subsidiary of Joyce Corporation Ltd in July 2016, and continues to be a Director at the date of this report.
5. Mr M L Hames is the Chief Operating Officer of Lloyds Online Auctions Pty Ltd.

Other Key Management Personnel were paid a cash bonus based on key performance criteria, which requires performance to meet or exceed the group budget and achieve successful completion of predetermined targets.

D. Share-based compensation

There was no share-based compensation of Key Management Personnel during the year ended 30 June 2017 (2016: Nil).

E. Equity instrument disclosures relating to key management personnel

i. Option and rights holdings granted as compensation
During the financial year ended 30 June 2017 no options (2016: Nil) were granted or vested as equity compensation benefits to any director or executive of the Consolidated Entity.

ii. Option holdings
There were no options on issue to key management personnel during the year ended 30 June 2017 (2016: Nil).

iii. Share Holdings
The number of shares in the company held during the financial year by each director of the company and the other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation (2016: Nil).

2017	*Balance 01-Jul-16 Ord*	*Granted as Remuneration Ord*	*On Exercise of Options Ord*	*Net Change Other Ord*	*Balance 30-June-17 Ord*
Mr D A Smetana*	9,874,129	-	-	-	9,874,129
Mr T R Hantke	20,000	-	-	-	20,000
Mr M A Gurry	-	-	-	56,878	56,878
Mr A Mankarios	705,045	-	-	13,500	718,545
Mr G Culmsee	-	-	-	-	-
Mr K Gray	-	-	-	-	-
Mr J Bourke	-	-	-	65,359	65,359
Mr C Palin	-	-	-	6,615	6,615
Mr A Webber	-	-	-	-	-
Total	**10,599,174**	**-**	**-**	**142,352**	**10,741,526**

* Beneficial holding only. Mr Smetana controls 10,854,829 fully paid ordinary shares (2016: 10,854,829)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

iv. Partly Paid Ordinary Shares Share Holding
The number of partly paid ordinary shares in the company held during the financial year by each director of the company and the other key management personnel of the Group, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation (2016: Nil).

2017	*Balance 01-Jul-16 Ord*	*Granted as Remuneration Ord*	*On Exercise of Options Ord*	*Net Change Other Ord*	*Balance 30-June-17 Ord*
Mr D A Smetana[1]	380,000	-	-	-	380,000
Mr T R Hantke	-	-	-	-	-
Mr M A Gurry	-	-	-	-	-
Mr A Mankarios	-	-	-	-	-
Mr G Culmsee	-	-	-	-	-
Mr K Gray	-	-	-	-	-
Mr J Bourke	-	-	-	-	-
Mr C Palin	-	-	-	-	-
Mr A Webber	-	-	-	-	-
Total	**380,000**	**-**	**-**	**-**	**380,000**

All equity transactions with specified directors and specified executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(1) Mr D A Smetana holds 380,000 partly paid (issued at $1.955 and paid to $1.768) (2016 paid to: $1.653) ordinary shares of the Company.

Partly paid shares are unquoted until they become fully paid. Partly paid shares carry voting rights and rights to participate in entitlement issues although any shares acquired under a rights issue cannot be quoted until the partly paid shares become fully paid.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Link between remuneration policy and Company performance

The Consolidated Entity provided executives with variable remuneration in the form of short-term incentives as described in Part A of the Remuneration Report. These incentives are payable upon the achievement of certain goals covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are contributions to net profit before tax, cash targets and departmental functional KPI's.

The following table shows the gross revenue, profits and dividends for the last five years for the Consolidated Entity, as well as the share price at the end of the respective financial years. The dividend includes a special dividend paid during 2016 from the sale of the NSW property.

	2017	**2016**	**2015**	**2014**	**2013**
	$000	$000	$000	$000	$000
Revenue (a)	81,099	56,543	36,544	15,056	18,921
Net profit attributable to members	2,764	2,301	4,472	1,570	668
Share Price at Year-end $	1.60	1.06	1.05	0.52	0.40
Dividends (Cents) paid or payable	11.50	13.00	6.10	3.00	2.15
Dividend payout ratio %	116.0	158.0	38.2	52.6	90.0

(a) Revenue and net profit in respect of the 2016, 2015, 2014 and 2013 financial years include discontinued operations. The 2013 and 2014 financial performance was impacted by a non-recurring provision for stores that were to be closed during the financial year ending the 30 June 2013 and 2014 financial years. Revenue and profit increased in 2015 from consolidation of KWB Group from November 2014 and further increased in 2017 from consolidation of Lloyds Online Auctions Pty Ltd.

G. Voting at the 2016 Annual General Meeting on the Remuneration report

The Remuneration report in the 2016 Annual Report to shareholders was approved by 99.9% of shareholders at the 2016 Annual General Meeting. No specific feedback was received at the Annual General Meeting or throughout the year.

H. Independent Salary and Incentive Review

During the 2017/18 financial year the company undertook an independent management salary and incentive review so as to benchmark existing salary and incentive policies and levels. The review undertaken by the independent professional firm of Gerard Daniels Australia for the amount of $15,000. In general, the company policies and remuneration levels were found to be consistent with the markets in which we operate, although some changes have been made to ensure greater consistency in some aspects of our remuneration practices.

LOANS OR OTHER TRANSACTIONS TO DIRECTORS AND EXECUTIVES

There were no loans outstanding to Directors and executives as at 30 June 2017 (2016: nil).
There were no other transactions with key management personnel not in the ordinary course of business.

The Executive directors fees for Mr A Mankarios are paid to Starball Pty Ltd, a company in which Mr Mankarios has significant influence - $473,917 (2016: $511,042). As at year end the amount owing to this related party was $23,805 (2016: $26,341).

The Group is also owed a receivable from Pynland Pty Ltd, a company with shares held in trust by Dan Smetana for the suspended employee share scheme, of $26,231 owing to Joyce Corporation Ltd for amounts paid on behalf of Pynland Pty Ltd (2016: $26,131).

During the year ended 30th June 2017, LAAV Management Pty Ltd, a company of which Mr A Webber is a director, was paid $163,900 by Lloyds Online Auctions Pty Ltd for the provision of management services to be provided to the business by Mr A Webber and Mr M Fitzpatrick. This amount is in addition to the remuneration disclosed in the key management personnel remuneration disclosures.

End of Audited Remuneration Report.

DIRECTORS' REPORT (CONTINUED)

INSURANCE OF OFFICERS

During the financial year, Joyce Corporation Ltd paid a premium to insure the Directors and secretaries of the Company and its Australian-based controlled entities, and senior executives of the Consolidated Entity. A clause in the relevant insurance policy prevents the disclosure of the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

Joyce Corporation is party to licences issued by the Environmental Protection Authority and various other authorities throughout Australia. These licences regulate the management of air and water quality, the storage and carriage of hazardous materials and disposal of wastes associated with the Consolidated Entity's properties. There have been no new or material known breaches associated with the Consolidated Entity's licence conditions.

NON-AUDIT SERVICES

There were fees of $22,608 paid or payable to the auditors for non-audit services for the year ended 30 June 2017, which did not impede on the auditors independence.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

ROUNDING OF AMOUNTS

The Consolidated entity has applied the relief available to it in ASIC Corporate Legislative Instrument 2016/191 and accordingly certain amounts in the financial report and the Directors' Report have been rounded off to the nearest $1,000.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

D A Smetana
Chairman

Perth, 27 September 2017

AUDITOR'S INDEPENDENCE DECLARATION

CORPORATE GOVERNANCE STATEMENT

Joyce Corporation Ltd ("the Company") and the Board are committed to achieving and demonstrating a high standard of corporate governance. Joyce Corporation Ltd have reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 corporate governance policy and statement reflects the corporate governance practices in place throughout the 2017 financial year. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statements, which can be viewed at www.joycecorp.com.au

Joyce Corporation Ltd

AND CONTROLLED ENTITIES

ABN: 80 009 116 269

Annual Financial Report

For the Year Ended 30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 30 June 2017 $000	Consolidated 30 June 2016 $000
Continuing operations			
Revenue	0	81,099	56,544
Cost of sales		(40,693)	(30,812)
Gross Profit		**40,406**	**25,732**
Other income	0	94	224
Expenses from continuing operations			
Administration expenses		(22,386)	(14,169)
Distribution expenses		(944)	(755)
Marketing expenses		(3,547)	(2,046)
Occupancy expenses		(4,592)	(3,448)
Profit/(Loss) on disposal of assets		(37)	-
Finance costs	0	(75)	(90)
Impairment of intangible assets	0	(350)	(120)
Other expenses		(51)	(48)
Profit from continuing operations before income tax		**8,518**	**5,280**
Income tax (expense)	0	(2,702)	(1,819)
Profit from continuing operations after tax		**5,816**	**3,461**
Discontinued operations			
Profit for the year from discontinued operations		-	520
Profit for the year		**5,816**	**3,981**
Profit is attributable :			
Ordinary equity holders of the company		2,764	2,301
Non-controlling interests		3,052	1,680
Total Comprehensive Income for the year		**5,816**	**3,981**
Earnings per share for profit attributable to the members of Joyce Corporation Ltd			
Basic earnings per share (cents per share)	0	10.0	8.3
Diluted earnings per share (cents per share)	0	9.9	8.2

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 28 to 64.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	Consolidated	
		30 June 2017	30 June 2016
		$000	*$000*
ASSETS			
Current Assets			
Cash and cash equivalents	0	5,296	15,249
Trade and other receivables	0	634	560
Inventories	0	4,908	3,642
Other assets	12	504	339
Other financial assets	13	380	850
Total Current Assets		11,722	20,640
Non-Current Assets			
Trade and other receivables	0	568	571
Deferred tax asset	0	1,307	1,110
Plant and equipment	14	18,589	6,243
Inventories	0	528	546
Intangible assets	15	15,933	9,500
Total Non-Current assets		36,925	17,970
TOTAL ASSETS		**48,647**	**38,610**
LIABILITIES			
Current liabilities			
Trade and other payables	16	10,073	8,864
Provisions	17	1,361	1,000
Provision for income tax		1,153	1,477
Total Current Liabilities		12,587	11,341
Non-Current Liabilities			
Interest bearing loans and borrowings	18	8,600	-
Deferred tax liabilities	0	262	317
Provisions	17	712	962
Total Non-Current Liabilities		9,574	1,279
TOTAL LIABILITIES		**22,161**	**12,620**
NET ASSETS		**26,486**	**25,990**
EQUITY			
Contributed equity	19	18,019	17,975
Reserves	20	2,699	2,699
Non-controlling interests	25	1,930	1,026
Retained earnings		3,838	4,290
TOTAL EQUITY		**26,468**	**25,990**

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 28 to 64.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 30 June 2017 $000	30 June 2016 $000
Cash flows from operating activities			
Receipts from customers		89,413	63,821
Payments to suppliers and employees		(80,779)	(57,640)
Interest received		94	509
Interest paid		(75)	(90)
Operating cash flow		8,653	6,600
Income tax paid		(3,318)	(4,368)
Store closure costs		-	(59)
Net cash flows from operating activities	29	**5,335**	**2,173**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		46	9
Proceeds from sale of other assets		-	22,500
Secured loan		77	77
Purchase of non-current assets		(12,578)	(5,292)
Payments for business acquisitions net of cash acquired		(6,000)	-
Net cash from / (used in) investing activities		**(18,455)**	**17,294**
Cash flows from financing activities			
Proceeds from borrowings		8,600	-
Repayment of borrowings		-	(5,322)
Proceeds from partly paid share dividend		44	49
Dividends paid	26	(3,216)	(3,636)
Dividends paid to non controlling interest		(2,261)	(1,271)
Net cash from / (used in) financing activities		**3,167**	**(10,180)**
Net increase / (decrease) in cash and cash equivalents		(9,953)	9,287
Cash and cash equivalents at beginning of period		15,249	5,962
Cash and cash equivalents at end of period	9	**5,296**	**15,249**

Reconciliation of cash

		30 June 2017 $000	30 June 2016 $000
Cash at bank and in hand		5,296	15,249
		5,296	**15,249**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 28 to 64.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

		Contributed Equity	Reserves	Retained Earnings	Non-controlling Interest	Total Equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2015	Note	17,926	2,699	5,314	511	26,450
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	2,301	-	2,301
Profit attributable to non-controlling interests		-	-	-	1,680	1,680
Subtotal		17,926	2,699	7,615	2,191	30,431
Transactions with owners in their capacity as owners						
Payment partly paid shares		49	-	-	-	49
Share base payment		-	-	-	106	106
Dividends paid or provided for		-	-	(3,325)	(1,271)	(4,596)
Balance at 30 June 2016		17,975	2,699	4,290	1,026	25,990
Balance at 1 July 2016		17,975	2,699	4,290	1,026	25,990
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	2,764	-	2,764
Profit attributable to non-controlling interests		-	-	-	3,052	3,052
Non-controlling interest on acquisition of subsidiary		-	-	-	113	113
Subtotal		17,975	2,699	7,054	4,191	31,919
Transactions with owners in their capacity as owners						
Payment partly paid shares		44	-	-	-	44
Dividends paid or provided for	26	-	-	(3,216)	(2,261)	(5,477)
Balance at 30 June 2017		18,019	2,699	3,838	1,930	26,486

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 28 to 64.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Joyce Corporation Ltd ("the Company") for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors of the Company dated 27 September 2017. Joyce Corporation Ltd is a Company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The company is a for-profit entity for the purpose of this financial report.

The nature of the operation and principal activities of the Company and its controlled entities are described in Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES NOT PRESENTED IN SUBSEQUENT NOTES

The consolidated financial statements comprise the financial statements of Joyce Corporation Ltd and its controlled subsidiaries ('the Consolidated Entity'). Below is a summary of generic significant accounting policies. More accounting policies are presented in following notes to the consolidated financial statements.

(a) Basis of preparation
These general purpose financial statements for the year ended 30 June 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

New or revised Standards and Interpretations that are first effective in the current reporting period
The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has had no effect on the amounts reported for the current or prior periods.

(b) Principles of consolidation
The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All controlled entities have a 30 June financial year end. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

A list of controlled entities is contained in Note 0 to the financial statements.

Consolidated financial statements are the financial statements of the Consolidated Entity presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intra-Consolidated Entity balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal. On disposal, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES NOTE PRESENTED IN SUBSEQUENT NOTES (CONTINUED)

(c) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(d) Investments and other financial assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(ii) Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

(e) Comparatives
When required by applicable accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(f) Rounding of Amounts
The Company has applied the relief available to it under ASIC Corporate Legislative Instrument CO98/100 and accordingly, amounts in the financial report have been rounded off to the nearest $1,000.

(g) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The Statement of Cash Flows includes cash flows on a gross basis. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

As per AASB3(42), if a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

The Consolidated Entity makes occasional use of derivative financial instruments such as foreign exchange contracts to manage foreign currency risk. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by the CFO under the supervision of the Board of Directors. The Board provides principles for overall risk management, as well as policies and supervision covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Consolidated Entity holds the following financial instruments:

	Notes	**Consolidated**	
		30 June 2017	**30 June 2016**
		$000	*$000*
Financial assets			
Cash and cash equivalents	0	5,296	15,249
Trade and other receivables	0	1,202	1,131
Other financial assets	0	380	850
		6,878	17,230
Financial liabilities			
Trade and other payables	0	10,073	8,864
Interest-bearing loans and borrowings	18	8,600	-
		18,673	8,864

(a) Market risk

(i) Foreign exchange risk

The Consolidated Entity’s exposure to foreign currency risk is not material.

(ii) Cash flow interest rate risks

The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Consolidated Entity to cash flow interest rate risk. The Consolidated Entity policy is to manage both risks as appropriate in conjunction with considerations about minimising the Consolidated Entity’s liquidity risk (see below), the current state of the yield curve and expectations about interest rates in the medium term and the need for flexibility so as to minimise the Consolidated Entity’s interest expense.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

As at the reporting date, all of the Consolidated Entity had the following variable and fixed rate financial instruments:

	Weighted Average Interest rate	30 June 2017	Weighted Average Interest rate	30 June 2016
	%	*$000*	*%*	*$000*
Financial assets				
Cash and cash equivalents	0.03%	5,296	0.03%	15,249
		5,296		15,249
Financial liabilities				
Commercial bill –secured – variable (ii)	4.93%	3,000,000	n/a	-
Bank loan – secured (iii)	3.84%	5,600,000	n/a	-
		8,600,000		-

(i) The overdraft facility pays interest at variable interest rates plus a line fee.
(ii) The Commercial bill facility is approved to 1 January 2020. This debt facility is bank bill based and incurs a line fee and an on use fee.
(iii) The bank loan facility is approved to 9 April 2020.

An analysis by maturities is provided in (c) below.

The Consolidated Entity analyses its interest rate exposure on a dynamic basis. Various scenarios are modelled taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Consolidated Entity calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Consolidated Entity manages its cash flow interest rate risk adopting an appropriate mix of fixed versus variable rate debt and also an appropriate mix of debt maturities to provide it with flexibility to repay debt as quickly as possible whilst having liquidity available to take advantage of business opportunities as they arise.

Consolidated Entity sensitivity

The major debt facility drawn at 30 June 2017 is at a variable interest rate (see above). Variable interest rates apply to the overdraft and cash and cash equivalents. On balances held at 30 June 2017, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $86k higher or $86k lower (2016 – no debt facility was held). This is a result of a higher or lower interest expense arising from borrowings, offset by higher or lower interest income from cash and cash equivalents. Equity would have been $86k higher or $86k lower (2016 - no debt facility was held) for the same reasons as above.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is limited to high credit quality financial institutions with which deposits are held and high credit quality wholesale customers with which the Consolidated Entity trades.

Credit risk is managed on a Consolidated Entity basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set internally. The compliance with credit limits by wholesale customers is regularly monitored by line management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in each applicable note. For wholesale customers without credit rating the Consolidated Entity generally retains title over the goods sold until full payment is received. For some trade receivables the Consolidated Entity may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure. The Consolidated Entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Cash and cash equivalents		
AA	5,296	15,249
Trade and other receivables		
Non-rated	1,202	1,131
Other financial assets		
Non-rated	380	850
	6,878	17,230

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management, implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Consolidated Entity aims at maintaining flexibility in funding by keeping committed credit lines available and, where possible, with a variety of counterparties. Surplus funds are generally only invested in overnight deposits or used to repay debt.

Maturities of financial assets and financial liabilities

The tables below analyse the Consolidated Entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated disclosures

Year ended 30 June 2017	≤ 6 months *$000*	6-12 months *$000*	1-5 years *$000*	>5 years *$000*	Total *$000*
Consolidated financial assets					
Cash and cash equivalents	5,296	-	-	-	5,296
Trade and other receivables	634	-	568	-	1,202
Other financial assets	380	-	-	-	380
	6,310	-	568	-	6,878
Consolidated financial liabilities					
Trade and other payables	10,073	-	-	-	10,073
Interest bearing loans & borrowings	175	175	9,125	-	9,475
	10,248	175	9.125	-	19,548
Net maturity	(3,938)	(175)	(8,557)	-	(12,670)

Year ended 30 June 2016	≤ 6 months *$000*	6-12 months *$000*	1-5 years *$000*	>5 years *$000*	Total *$000*
Consolidated financial assets					
Cash and cash equivalents	15,249	-	-	-	15,249
Trade and other receivables	1,110	-	21	-	1,131
Other financial assets	850	-	-	-	850
	17,209	-	21	-	17,230
Consolidated financial liabilities					
Trade and other payables	8,864	-	-	-	8,864
Interest bearing loans & borrowings	-	-	-	-	-
	8,864	-	-	-	8,864
Net maturity	8,345	-	21	-	8,366

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Financing arrangements
The Consolidated Entity had access to the following bank borrowing facilities at the reporting date:

	Facility limit	Used	Available
30 June 2017	*$000*	*$000*	*$000*
Consolidated	9,935	9,364	571
30 June 2016			
Consolidated	1,410	-	1,410

The Consolidated Entity had a $5,600,000 bank loan facility, a $3,000,000 bank bill facility, a $900,000 multi-option facility of which $150,000 available for overdrafts (2016: $1,410,000) The consolidated entity had $5,296,000 (2016 $15,249,000) cash at bank as at the reporting date including funds held in trust set out at note 0. In addition, the Consolidated Entity had a net investment in inventories of $4,908,000 as at 30 June 2017 (2016: $3,642,000).

(d) Capital risk management

Management controls the capital of the Consolidated Entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Consolidated Entity is not subject to any externally imposed capital requirements.

Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year. This strategy is to ensure that the Consolidated Entity's gearing ratio remain below 40%.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of Goodwill

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(b) Provision for environmental testing

As part of the ongoing testing of Joyce Corporation owned sites it was found that traces of a chemical used by the leasee, Joyce Foam Products, was detected in the groundwater at the South Australian and New South Wales properties. The levels found were not high and to be prudent the Department of Environment and Conservation were notified. The Department of Environment and Protection has not required any remediation work due to the low level of risk. An ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found. The trace level of chemical found has generally been decreasing according to independent environmental reports.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Judgement in determining control of subsidiaries (AASB 10)

In determining whether the consolidated group has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated group to control the day-to-day activities of the partly owned subsidiary and its economic outcomes. In exercising judgement, the commercial and legal relationships that the consolidated group has with other owners of partly owned subsidiaries are taken into consideration. Whilst the consolidated group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated group where it is determined that the consolidated group controls the day-to-day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Upon acquisition of partly owned subsidiaries by the consolidated group, judgement is exercised concerning the value of net assets acquired on the date of acquisition. minority owner interest share of net assets acquired, fair value of consideration transferred and subsequent period movements in value thereof, are disclosed as outside equity interest.

On 1 July 2016, the Company acquired 51% interest in Lloyds Online Auctions Pty Ltd and from October 2014 the Company has been majority holder of KWB Group Pty Ltd. Under the terms of the shareholder agreements in place with the minority interest holders, the Company has judged that the Company has sufficient capability under the shareholder agreements to control the day-to-day activities and economic outcomes of both Lloyds Online Auctions Pty Ltd and the KWB Group Pty Ltd. Future changes to the shareholder agreements may impact on the ability of the Company to control either Lloyds Online Auctions Pty Ltd and the KWB Group Pty Ltd.

(d) Net realisable value of inventory

In determining the amount of write-downs required for inventory, management has made judgements based on the expected net realisable value of that inventory. Historic experience and current knowledge of the products has been used in determining any write-downs to net realisable value.

5. SEGMENT INFORMATION

(a) AASB 8 Operating segments

Operating Segments are identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision makers (The Board of Directors) in order to allocate resources to the segments and to assess their performance.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Consolidated Entity has the following operating segments:

- Franchising
- The Bedshed retail bedding franchise operation.
- Company owned stores
- The operation of Bedshed stores.
- The operation of retail kitchen stores.
- The operation of valuation, online auction sales and physical auctions.

Transfer prices between operating segments are set at an arms-length basis in a manner similar to transactions with third parties.

5. SEGMENT INFORMATION (CONTINUED)

Operating segments

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2017.

	Continuing Operations						*Discontinued Operations*		
	Bedshed Franchise	*Retail Bedding Stores*	*Retail Kitchen Stores*	*Online Auction*	*Invest Prop / Joyce*	*Total*	*Store Closure*	*Invest Prop*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*'$000*	*$'000*	*$'000*	*$'000*
Year ended 30 June 2017									
Revenue									
Sales to external customers	4,262	13,045	47,404	16,373	15	81,099	-	-	81,099
Total segment revenue	4,262	13,045	47,404	16,373	15	81,099	-	-	81,099
Unallocated revenue						56	-	-	56
Total consolidated revenue						81,155	-	-	81,155
Result									
Segment result	1,301	438	5,938	2,957	(1,748)	8,886	-	-	8,886
Impairment	-	(350)	-	-	-	(350)	-	-	(350)
Unallocated expenses net of unallocated income	-	-	-	-	-	57	-	-	57
Profit before tax and finance costs						8,593	-	-	8,593
Finance costs						(75)	-	-	(75)
Profit before income tax						8,518	-	-	8,518
Income tax expense						(2,702)	-	-	(2,702)
Net Profit for the year						5,816	-	-	5,816
Assets and liabilities									
Segment assets	7,266	6,334	14,742	4,076	14,920	47,338	-	-	47,338
Unallocated assets						1,309	-	-	1,309
Total assets						48,647	-	-	48,647
Segment liabilities	1,197	1,163	13,114	2,006	4,571	22,051	-	-	22,051
Unallocated liabilities						110	-	-	110
Total liabilities						22,161	-	-	21,161
Other segment information									
Capital expenditure	10	30	9,320	840	2,779	12,979	-	-	12,979
Depreciation and amortisation	9	230	338	34	9	620	-	-	620

5. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2016.

	Continuing Operations						*Discontinued Operations*		
	Bedshed Franchise	*Retail Bedding Stores*	*Retail Kitchen Stores*	*Online Auction*	*Invest Prop / Joyce*	*Total*	*Store Closures*	*Invest Prop*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*'$000*	*$'000*	*$'000*	*$'000*
Year ended 30 June 2016									
Revenue									
Sales to external customers	4,283	11,484	40,736	-	41	56,544	329	306	57,179
Total segment revenue	4,283	11,484	40,736	-	41	56,544	329	306	57,179
Inter-segment elimination									
Unallocated revenue						224	-	286	510
Total consolidated revenue						56,768	329	592	57,689
Result									
Segment result	1,183	924	4,800	-	(1,630)	5,277	-	299	5,576
Unallocated expenses net of unallocated income	-	-	-	-	-	93	-	286	379
Profit before tax and finance costs						5,370	-	585	5,955
Finance costs						(90)	-	-	(90)
Profit before income tax						5,280	-	585	5,865
Income tax expense						(1,819)	-	(65)	(1,884)
Net Profit for the year						3,461	-	520	3,981
Assets and liabilities									
Segment assets	12,756	1,986	11,142	-	11,616	37,500	-	-	37,500
Unallocated assets						1,110	-	-	1,110
Total assets						38,610	-	-	38,610
Segment liabilities	1,855	1,230	6,855	-	887	10,827	-	-	10,827
Unallocated liabilities						1,793	-	-	1,793
Total liabilities						12,620	-	-	12,620
Other segment information									
Capital expenditure	9	123	847	-	-	979	-	-	979
Depreciation and amortisation	11	192	230	-	-	433	-	-	433

5. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

(b) Geographic segments

The Consolidated Entity operates in one principal geographical area namely that of Australia (country of domicile).

(c) Information about major customers

No single customer of the Consolidated Entity generated more than 10% of the Consolidated Entity's revenue during the year ended 30 June 2017 (2016: None).

6. REVENUE, INCOME AND EXPENSES

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Rendering of services
Revenue from the rendering of a service is recognised upon completion of the service to customers.

Interest income
Interest income is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Dividend income
Dividend income is recognised when the right to receive a dividend has been established.

Franchise revenue
Revenue from franchising activities is recognised based on business written sales from franchised stores.

Rental revenue
Rental revenue is recognised monthly as defined in the relevant lease agreements.

All revenue is stated net of the amount of goods and services tax (GST).

6. REVENUE, INCOME AND EXPENSES (CONTINUED)

(b) Revenue, Income and Expenses from Continuing Operations

	CONSOLIDATED 2017 $000	CONSOLIDATED 2016 $000
Revenue		
Sale of goods	77,606	52,826
Provision of services	3,493	3,718
Total revenue	81,099	56,544
Other income		
Interest received	94	223
Other	-	1
Total other income	94	224
Finance costs		
Bank loans and overdrafts	(75)	(90)
Total finance costs	(75)	(90)

Depreciation and other significant items of expenditure included in statement of profit or loss and other comprehensive income

	CONSOLIDATED 2017 $000	CONSOLIDATED 2016 $000
Included in expenses:		
Depreciation and amortisation	(620)	(433)
Impairment of goodwill	(350)	(120)

.

(c) Lease payments and other expenses included in the statement of profit or loss and other comprehensive income – continuing operations

	CONSOLIDATED 2017 $000	CONSOLIDATED 2016 $000
Minimum lease payments - operating lease	4,095	3,298

(d) Employee benefits expense – continuing operations

	CONSOLIDATED 2017 $000	CONSOLIDATED 2016 $000
Management bonus (admin)	542	239
Wages and salaries (admin costs)	12,755	7,543
Wages and salaries (included in distribution costs)	297	285
Defined contribution superannuation expense	1,584	1,039
Superannuation (included within distribution costs)	28	27
Other employee benefits expense (admin)	1,440	1,017
Other (included within distribution costs)	50	35
	16,696	10,185

7. INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The major components of income tax expense for the year ended 30 June 2017 are:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Consolidated Statement of Profit or Loss and Other Comprehensive Income – continuing operations		
Current Income tax		
Current income tax expense	2,858	1,687
Deferred income tax		
Relating to origination and reversal of temporary differences	(166)	(35)
Utilisation of unused tax losses	-	-
Expense/(over) provision in respect of prior years	10	167
Income tax expense relating to continuing operations	2,702	1,819
Consolidated Statement of Profit or loss and Other Comprehensive Income – discontinued operations		
Income tax expense relating to discontinued operations	-	65
Income tax expense relating to overall operations	2,702	1,883

7. INCOME TAX (CONTINUED)

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the years ended 30 June 2017 and 30 June 2016 is as follows:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Profit before income tax	8,518	5,280
Income tax expense calculated at the statutory income tax rate of 30% (2016: 30%)	2,555	1,584
Expenditure not allowable for income tax purposes	32	32
Impairment of stores not allowable for income tax purposes	105	36
Under provision in respect of prior years	10	167
	2,702	1,819
Income tax expense recognised in profit or loss – continuing operations	2,702	1,819

Tax consolidation

Joyce Corporation Ltd and its 100% Australian owned subsidiaries are a tax Consolidated Entity. Members of the Consolidated Entity have not entered into any tax sharing or tax funding arrangements. At the reporting date, the possibility that the head entity will default on its tax payment obligations is remote. The head entity of the tax Consolidated Entity is Joyce Corporation Ltd.

Measurement method adopted under UIG 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax Consolidated Entity continues to account for their own current and deferred tax amounts. The Consolidated Entity has applied the Consolidated Entity allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax Consolidated Entity. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes.*

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax Consolidated Entity.

Tax consolidation contributions/ (distributions)

The Consolidated Entity has recognised no consolidation contribution adjustments.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Consolidated Entity has assessed the potential impact of these changes on the Consolidated Entity's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2017 (2016: Nil).

7. INCOME TAX (CONTINUED)

Deferred income tax

Deferred income tax at 30 June 2017 relates to the following:

Deferred tax liabilities	Opening balance	Charged to income	Recognised in Business Combination	Closing balance 30 June 17
	$000	*$000*	*$000*	*$000*
Investment property	(5)	5	-	-
Trade & Other Receivables	-	(2)	-	(2)
Fair value gain other intangible assets	(260)	-	-	(260)
Inventory	(52)	52	-	-
Balance at 30 June 2017	**(317)**	**55**	**-**	**(262)**

Deferred tax assets				
	$000	*$000*	*$000*	*$000*
Plant and equipment	145	22	-	167
Trade and other payables	55	164	-	219
Pensions and other employer obligations	388	67	84	539
Provisions	445	(256)	-	189
Other	77	(57)	-	20
Unused Tax losses	-	173	-	173
Balance at 30 June 2017	**1,110**	**113**	**84**	**1,307**

The Consolidated Entity has deferred tax assets and liabilities of $Nil (2016: $Nil) which were not brought to account.

7. INCOME TAX (CONTINUED)

Deferred income tax at 30 June 2016 relates to the following:

Deferred tax liabilities	Opening balance	Charged to income	Recognised in Business Combination	Closing balance 30 June 16
	$000	*$000*	*$000*	*$000*
Trade and other receivables	-	(5)	-	(5)
Fair value gain	(260)	-	-	(260)
Other	(57)	5	-	(52)
Balance at 30 June 2016	**(317)**	**-**	**-**	**(317)**

Deferred tax assets				
	$000	*$000*	*$000*	*$000*
Plant and equipment	136	9	-	145
Trade and other receivables	12	43	-	55
Pensions and other employer obligations	353	35	-	388
Provisions	284	161	-	445
Other	133	(56)	-	77
Balance at 30 June 2016	**918**	**192**	**-**	**1,110**

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive convertible non-cumulative redeemable preference shares).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Net profit/(loss) attributable to equity holders from continuing operations for basic earnings per share	**5,816**	**3,461**
Effect of dilutive equity instruments	-	-
Net profit attributable to equity holders from continuing operations for diluted earnings per share	**5,816**	**3,461**
Profit/(loss) attributable to equity holders from discontinued operations	-	520
Profit for year	**5,816**	**3,981**
Non-controlling interests	(3,052)	(1,680)
Net profit attributable to ordinary shareholders for basic earnings per share	**2,764**	**2,301**
Effect of dilutive equity instruments	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share	**2,764**	**2,301**
	Number of shares	*Number of shares*
Weighted average number of ordinary shares for basic earnings per share including partly paid	27,588,255	27,588,255
Adjusted weighted average number of ordinary shares for diluted earnings per share including partly paid	27,968,255	27,968,255
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	-	-
Weighted average number of partly paid ordinary shares (issued at $1.955 and paid to $1.768) (2016:$1.653) included in basic and diluted earnings per share.	380,000	380,000

Earnings per share are included at the foot of the Statement of Profit or Loss and Other Comprehensive Income.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Refer to Note 3 for management of financial risks on cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Cash at bank and in hand	5,296	15,249
	5,296	15,249

10. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment. Trade receivables are generally due for settlement within 30 days. Refer to Note 3 for management of financial risks on receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income in other expenses.

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Current		
Trade receivables	659	594
Allowance for impairment loss (a)	(25)	(34)
	634	560
Non-current		
Trade receivables	-	21
Other receivables	568	550
	568	571
	1,202	1,131

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment provision of $25k (2016: $34k) has been recognised by the Consolidated Entity.

0. TRADE AND OTHER RECEIVABLES (CONTINUED)

At 30 June, the ageing analysis of current trade receivables is as follows:

		Total	0-30 Days	31-60 Days	61-90 Days PDNI*	61-90 Days CI*	+91 Days PDNI*	+91 Days CI*
		$000	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
2017	Consolidated	659	427	143	49	-	15	25
2016	Consolidated	594	455	73	4	-	28	34

* Past due not impaired ('PDNI')
Considered impaired ('CI')

Receivables past due but not considered impaired are: Consolidated Entity: $63,999 (2016: $31,820). Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Movement in the provision for impairment of receivables is as follows:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Opening balance at 1 July	31	39
Charge for the year	-	-
Amounts written-off	(6)	(5)
Closing balance at 30 June	25	34

11. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in acquiring the inventories and in bringing them to their existing condition and location.

Costs are assigned to individual items of inventory on a basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Current		
Stock on hand at cost	5,012	3,767
Provision for impairment (a)	(104)	(125)
	4,908	3,642

(a) Provision for impairment

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2017 amounted to $Nil (2016: $Nil). The reduction in provision has been written back to cost of goods sold as losses were realised.

11. INVENTORIES (CONTINUED)

	CONSOLIDATED 2017 $000	2016 $000
Non-current		
Stock on hand at cost	691	675
Provision for impairment (a)	(163)	(129)
	528	546

(a) Provision for impairment

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2017 amounted to $50,133 (2016: $55,083). The increase in provision has been written back to cost of goods sold as losses were realised.

12. OTHER ASSETS

	CONSOLIDATED 2017 $000	2016 $000
Current		
Accrued Revenue	181	102
Prepayments	243	160
Rental Deposits	80	77
	504	339

13. OTHER FINANCIAL ASSETS

	CONSOLIDATED 2017 $000	2016 $000
Current		
Funds held in trust	380	850
	380	850

14. PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

- Plant and equipment – 1 to 20 years;
- Leasehold improvements – 3 to 15 years.
- Buildings – 30 to 50 years; and
- Motor Vehicles – 3 to 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, it is the Consolidated Entity's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

	CONSOLIDATED			
	Property& Buildings $000	*Plant and equipment $000*	*Leasehold improvements $000*	*Total $000*
Year ended 30 June 2016				
At 1 July 2015,				
Net of accumulated depreciation	-	380	914	1,294
Additions	4,471	431	426	5,328
Disposals	-	(1)	-	(1)
Depreciation charge for the year	-	(168)	(210)	(378)
At 30 June 2016,				
Net of accumulated depreciation	4,471	642	1,130	6,243
At 30 June 2016				
Cost	4,471	1,785	1,580	7,836
Accumulated depreciation and impairment	-	(1,143)	(450)	(1,593)
Net carrying amount	4,471	642	1,130	6,243

14. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	CONSOLIDATED Property& Buildings $000	Plant and equipment $000	Leasehold improvements $000	Total $000
At 1 July 2016,				
Net of accumulated depreciation	4,471	642	1,130	6,243
Additions	10,314	1,675	907	12,896
Disposals	-	-	(13)	(13)
Depreciation charge for the year	(31)	(227)	(362)	(620)
Fixed Assets – work in progress	-	83	-	83
At 30 June 2017				
Net of accumulated depreciation	14,754	2,173	1,662	18,589
At 30 June 2017				
Cost	14,785	3,271	2,464	20,520
Accumulated depreciation and impairment	(31)	(1,098)	(802)	(1,931)
Net carrying amount	14,754	2,173	1,662	18,589

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2017 is $Nil (2016: $Nil). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

15. INTANGIBLE ASSETS

Acquired both separately and from a business combination
Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income through the 'amortisation expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Consolidated Entity's investment in each country of operation by each operating segment. Cash-generating units to which goodwill is allocated is as follows:

- Bedshed Franchising cash generating unit
- Bedshed Stores cash generating unit
- KWB Group Pty Ltd cash generating unit
- Lloyds Online Auctions Pty Ltd cash generating unit

15. INTANGIBLE ASSETS (CONTINUED)

(ii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Consolidated Entity has an intention and ability to use the asset.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Goodwill (a)	15,933	9,500
	15,933	9,500

An analysis of intangible assets is presented below:

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Year ended 30 June 2017		
At 1 July 2016		
net of accumulated impairment	9,500	9,620
Acquired goodwill from business combination	6,783	-
Impairment	(350)	(120)
At 30 June 2017,		
net of accumulated impairment	15,933	9,500
At 30 June		
Cost (gross carrying amount)	17,778	10,995
Accumulated impairment	(1,845)	(1,495)
Net carrying amount	15,933	9,500

(a) Goodwill

Intangible assets as at 30 June 2017 reflects the value of the Bedshed activities for the Bedshed Joondalup store which was purchased in May 2007, the remaining 51% of Bedshed Franchising Pty Ltd purchased in 2006, the 51% interest in KWB Group purchased 31 October 2014 and the 51% interest in Lloyds Online Auctions Pty Ltd purchased 01 July 2016.

15. INTANGIBLE ASSETS (CONTINUED)

(b) Impairment of Goodwill Disclosures

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Impairment of $350,000 (2016: $120,000) has been recognised in respect of goodwill for the year ended 30 June 2017.

Goodwill is allocated to cash-generating units which are based on the Consolidated Entity's operating segments

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Bedshed Franchising segment	6,307	6,307
Bedshed Stores segment	1,820	2,170
Kitchen Stores segment	1,023	1,023
Online Auctions segment	6,783	-
Total	15,933	9,500

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond existing budgets for the 2016/17 and 2017/18 financial years extrapolated using estimated growth rates. The cash flows are discounted using risk-adjusted pre-tax discount rates.

The following assumptions were used in the value-in-use calculations:

	Pre –tax Discount Rate	Pre –tax Discount Rate	Sales Growth Rate	Sales Growth Rate	Expense Growth Rate	Expense Growth Rate
	2017	2016	2017	2016	2017	2016
Bedshed Franchising segment	10.8%	19.5%	4%	4%	1.5%	2-3%
Bedshed Stores segment	10.8%	19.5%	5.3%	3-5%	1.5%	2-3%
Kitchen Stores segment	10.8%	19.5%	6%	4%	1.5%	2%
Online Auctions segment	10.8%	-	6%	-	1.5%	-

The Consolidated Entity's value-in-use calculations incorporated a terminal value component beyond the 5-year projection period for all of the operating segments. The principal assumption used to estimate the terminal value of each operating segment was a multiple of three to six times earnings before interest, taxation, depreciation and amortisation for the year ended 30 June 2017..

Impairment of Goodwill for the year ended 30 June 2017 was $350,000 (2016: $120,000), due to changes in the estimates of future results and terminal value for the Bedshed stores segment.

(c) Impact of possible changes in key assumptions

Sensitivity analysis was conducted on the Bedshed stores segment:

- If budgeted sales growth rate used in the value in use calculation has been 10% lower than management's estimates, the Consolidated Entity would have recognised further impairment of $126,736.
- If pre-tax discount rate applied was 10% higher than used in management's estimates, then the Consolidated Entity would have recognised further impairment of $126,736.

16. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

	CONSOLIDATED	
	2017	*2016*
Current	*$000*	*$000*
Unsecured liabilities		
Trade payables	2,194	2,633
Accruals and other payables	7,437	5,308
Amounts held in trust for Bedshed marketing and other funds (a)	442	923
	10,073	8,864

(a) Amounts held in trust for Bedshed funds

Included within the Total Current Assets balance are funds allocated for the specific use of the Bedshed Approved Purposes fund on behalf of the Consolidated Entity's franchisee-owned and Company-owned stores.

17. PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

(i) Wages and salaries and annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

17. PROVISIONS (CONTINUED)

Provisions are comprised of the following:

	CONSOLIDATED 2017 $000	2016 $000
Current		
Employee benefits (a)	1,159	796
Sub-lease rental shortfall	-	9
Store lease termination	167	145
Environmental testing (b)	35	50
Total Current	1,361	1,000
Non-current		
Employee benefits (a)	636	460
Environmental testing (b)	76	502
Total Non-Current	712	962
	2,073	1,962

(a) Provision for employee benefits

A provision has been recognised for employee benefits relating to long service leave and annual leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

(b) Provision for environmental testing

As part of the ongoing testing of Joyce Corporation owned sites it was found that traces of a chemical used by the lease, Joyce Foam Products, was detected in the groundwater at the South Australian and New South Wales properties. The levels found were not high and to be prudent the Department of Environment and Conservation were notified. The Department of Environment and Protection has not required any remediation work due to the low level of risk. An ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found. The trace level of chemical found has generally been decreasing according to independent environmental reports. The costs of ongoing testing have been allowed for in the costs of sale of property. An executive decision was made to release $420,000 of the environmental testing provision based on third party expert advice received from an environmental testing company that the chemical contamination is non-existent. An environmental testing provision of $111,000, has been provided for future expected testing costs.

	Sub-let Provision	**Store Lease Termination**	**Employee Benefits**	**Environmental Testing**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Consolidated Group					
Opening balance at 1 July 2016	9	145	1,256	552	1,962
Additional/(amount released)	-	22	1,458	(420)	1,060
Amounts used	(9)	-	(919)	(21)	(949)
Balance at 30 June 2017	-	167	1,795	111	2,073

18. LOANS AND BORROWINGS

	2017 Current $'000	2017 Non-current $'000	2017 Total $'000	2016 Current $'000	2016 Non-current $'000	2016 Total $'000
Bank loans	-	8,600	8,600	-	-	-
Total loans and borrowings	-	**8,600**	**8,600**	-	-	-

The bank loans are secured by first mortgages over the group's freehold land and buildings, including those classified as investment properties. Refer to Note 3 for management of financial risks on loans and borrowings.

Compliance with loan covenants

The Consolidated entity has complied with the financial covenants of its borrowing facilities during the 2017 financial year. The financier assesses the financial covenants bi-annually based on audited financial reports.

19. CONTRIBUTED EQUITY

Ordinary shares carry one vote per share and carry the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

	CONSOLIDATED 2017 $000	2016 $000
27,588,255 (2016: 27,588,255) Issued and fully paid ordinary shares	17,347	17,347
380,000 (2016: 380,000) Partly paid ordinary shares, issued at $1.955 and paid to $1.768 (2016: $1.653) (a)	672	628
	18,019	17,975

Movement in ordinary shares on issue	*2017 Number*	*2017 $000*
At 1 July 2016	27,588,255	17,975
Issued shares:	-	-
Payment partly paid shares	-	44
At 30 June 2017	27,588,255	18,019

(a) Partly-paid ordinary shares

Partly paid ordinary shares are unquoted until they become fully paid. Partly paid ordinary shares carry voting rights and rights to participate in entitlement issues although any ordinary shares acquired under a rights issue cannot be quoted until the partly paid ordinary shares become fully paid.

20. RESERVES

	CONSOLIDATED 2017 $000	2016 $000
Financial assets reserve	2,699	2,699
Balance at 30 June 2017	2,699	2,699

21. CAPITAL AND LEASING COMMITMENTS

Property lease payable – Consolidated Entity as lessee

	CONSOLIDATED 2017 $000	2016 $000
Within one year	3,427	3,682
After one year but not more than five years	6,449	9,805
More than five years	211	2,452
	10,087	15,939

Property leases are non-cancellable leases and have remaining terms of up to five years, with rent payable monthly in advance. Provisions within the lease agreements require that the minimum lease payments shall be increased by the CPI per annum. An option exists for most of the leases to renew the lease at the end of the lease term for an additional term equal to the period of the original lease. If the lease is renewed the rental rate is adjusted to market value.

22. BUSINESS COMBINATIONS

On 1 July 2016, the group acquired 51% of the equity of Lloyds Online Auctions Pty Ltd ("LOA") by a cash offer for shares held by one of its subsidiaries. The business contributed revenues of $16.4 million and net profit before tax of $2.957M for the year ended 30 June 2017 before non-controlling interests. The acquisition was a profitable business with significant profit and growth potential that has gained an exposure into online retailing. The business has counter cyclical aspects that add balance to the overall Company risk profile and investment strategy. The goodwill is attributable to the consistent demonstrated earnings achieved over a number of years and reflects a multiple of those earnings.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	6,000
Settlement consideration payable	900
Total purchase consideration for 51% of Lloyds Online Auctions Pty Ltd	**6,900**

The assets and liabilities recognised as a result of the acquisition are:

	Fair Value $'000
Cash & cash equivalents	1
Other current assets	110
Fixed assets	275
Deferred tax asset	84
Employee entitlements	(240)
Net identifiable assets acquired	**230**
Add: goodwill	6,783
Non-controlling interest on acquisition of subsidiary	(113)
Total purchase consideration for 51% of Lloyds Online Auctions Pty Ltd	6,900

Settlement consideration payable
The directors have agreed to pay in September 2017, a $0.9m final consideration settlement of the acquisition, which was part of the original agreement and contingent on Lloyds performance during the year.

Treatment of non-controlling interests
The group recognises non-controlling interests in an acquired entity either at fair value or at non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interests (49%) in Lloyds Online Auctions Pty Ltd, the group elected to recognise the non-controlling interest at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the Statement of Financial Position.

	Carrying Amount in $'000	Fair Value Amount in $'000
Current Receivables		
Loan	77	77
Non-current Receivables		
Loan	33	154
Deposit	171	50
Non-current Borrowings		
Interest bearing loans & borrowings	8,600	-

Due to their short term nature, the carrying amount of the current receivables, current financial assets, current assets and current borrowings are assumed to approximate their fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

Level 1: The fair value is based on quoted market prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period.
Level 2: The fair value is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

There were no assets measured using level 2 or level 3 fair value valuation techniques.

24. CONTINGENT LIABILITIES

Financial Guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: *Revenue*. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

i. the likelihood of the guaranteed party defaulting in a year period;
ii. the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
iii. the maximum loss exposed if the guaranteed party were to default.

(a) Rental Guarantees

Joyce Corporation Ltd has provided guarantees to third parties in relation to property leases for Bedshed Company owned stores. These guarantees will be required while the stores remain company operated and currently total $689,429 (2016: $826,589).

KWB Group have bank guarantees and rent deposits supporting store leases of $380,597 at 30 June 2017 ($391,747 at 30 June 2016).

25. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Joyce Corporation Ltd and the subsidiaries listed in the following table.

		Country of incorporation	% Equity interest 2017	2016
Joyce Rural Pty Ltd	1	Australia	-	100
Bedding Investments Pty Ltd	1	Australia	-	100
Joyce Industries Pty Ltd		Australia	100	100
Furniture World Marketing Pty Ltd	1	Australia	-	100
Sierra Bedding Pty Ltd		Australia	100	100
Joyce Indpac Limited	1	Australia	-	100
Votraint No. 611 Pty Ltd	1	Australia	-	100
Bedshed Franchising Pty Ltd		Australia	100	100
Joyce International Pty Ltd		Australia	100	100
KWB Group Pty Ltd		Australia	51	51
Furniture World (HK) Pty Ltd	1	Hong Kong	-	50
Joyce Consolidated Holdings Pty Ltd		Australia	100	-
Lloyds Online Auctions Pty Ltd		Australia	51	-

Joyce Corporation Ltd is the ultimate parent of the Consolidated Entity.

1. These companies have been deregistered during the financial year ended 30 June 2017.

a) Related Party Transactions
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(i) Disclosures relating to KMP: -
Those Directors or their Director-related entities received dividend payments, which were made on the same basis as those made to other shareholders, during the year ended 30 June 2017.

(ii) Transactions entered into during the year between the Company and its controlled entities and Directors of the Company and their Director-related entities were within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers or employees.

(iii) The Executive Directors fees for Mr A Mankarios are paid to Starball Pty Ltd, a company in which Mr Mankarios has significant influence - $473,917 (2016: $511,041). As at year end the amount owing to this related party was $23,805 (2016: $26,341).

(iv) A receivable from Pynland Pty Ltd, a company owned by Dan Smetana, for $26,231 owing to Joyce Corporation Ltd for amounts paid on behalf of Pynland Pty Ltd (2016: $26,131).

(v) Key management personnel compensation

	2017 $000	2016 $000
Short Term Benefits	2,237	1,838
Post Employment Benefits	157	114
	2,394	1,952

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 19.

(vi) Loans to key management personnel
At 30 June 2017 or at any time during the financial year there were no loans (2016: Nil) outstanding to specified directors and specified executives.

(vii) During the year ended 30th June 2017, LAAV Management Pt yLtd, a company of which Mr A Webber is a director, was paid $163,900 by Lloyds Online Auctions Pty Ltd for the provision of management services to be provided to the business by Mr A Webber and Mr M Fitzpatrick. This amount is in addition to the remuneration disclosed in the key management personnel remuneration disclosures.

25. RELATED PARTY DISCLOSURES (CONTINUED)

b) Non Controlling Interest
Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	**KWB Consolidated Group**		**Lloyds Consolidated Group**	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current assets	3,651	8,256	3,166	-
Current liabilities	(7,363)	(8,105)	(1,842)	-
Current net assets	(3,712)	151	1,324	-
Non-current assets	11,764	2,168	1,075	-
Non-current liabilities	(5,751)	(168)	(165)	-
Non-current net assets	6,013	2,000	910	-
Net assets	2,301	2,151	2,234	-
Accumulated NCI	832	1,026	1,098	-

Summarised statement of comprehensive income	**KWB Consolidated Group**		**Lloyds Consolidated Group**	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Revenue	47,482	40,861	16,373	-
Profit for the period	4,218	3,484	2,011	-
Total comprehensive income	4,218	3,484	2,011	-
Profit allocated to NCI	2,067	1,680	985	-
Dividends paid to NCI	(2,261)	(1,271)	-	-

Summarised cash flows	**KWB Consolidated Group**		**Lloyds Consolidated Group**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash flow from operating activities	4,032	6,051	2,268	-
Cash flow from investing activities	(9,375)	(672)	(565)	-
Cash flow from financing activities	1,043	(2,629)	-	-
Net increase/(decrease) in cash and cash equivalents	(4,300)	2,750	1,703	-

25. RELATED PARTY DISCLOSURES (CONTINUED)

b) Transactions with non-controlling interests
The effect on the equity attributable to the owner of Joyce Corporation Limited during the year us summarised as follows:

	2017 $000	2016 $000
Carrying amount of non-controlling interests acquired	1,026	511
Acquired non-controlling interest during the year (i)	113	-
Share based payment to non-controlling interest	-	106
Profits attributable to non-controlling interests	3,052	1,680
Dividends paid to non-controlling interest	(2,261)	(1,271)
Closing carrying amount of non-controlling interest	1,930	1,026

(i) On 1 July 2016, the group acquired 51% of the issued capital in Lloyds Online Auctions for $6,900,000. The carrying amount of Lloyds Online on acquisition was $231,000, please refer to Note 22 Business Combinations. The carrying amount of the existing 49% non-controlling interest was $113,000.

26. DIVIDENDS

Dividends declared or paid during the financial year are as follows:

	2017 $000	*2016 $000*
Final fully franked ordinary dividend of 3.0 (2015: 2.1) cents per share (Paid 23 October 2015)		839
Special fully franked dividend of 5.0 (2015:Nil) cents per share (Paid 16 December 2015)		1,399
Interim fully franked dividend of 3.0 (2015:2.5) cents per share (Paid 14 April 2016)		839
Special fully franked dividend of 2.0 (2015:Nil) cents per share (Paid 14 April 2016)		559
Final fully franked ordinary dividend of 3.0 (2016: 3.0) cents per share (Paid 18 November 2016)	839	
Special fully franked dividend of 3.0 (2016: 5.0) cents per share (Paid 18 November 2016)	839	
Interim fully franked dividend of 3.5 (2016:3.0) cents per share (Paid 14 April 2017)	979	
Special fully franked dividend of 2.0 (2016: 2.0) cents per share (Paid 14 April 2017)	559	
	3,216	3,636

At 30 June 2017, the directors have not declared the payment of a final dividend out of retained profits and will continue to monitor performance and review resources and liquidity to determine when a dividend will be paid.

Dividends Paid	2017 $000	2016 $000
Cash payments in relation to dividends paid in the financial year	3,216	3,636

27. EVENTS SUBSEQUENT TO REPORTING DATE

The directors have agreed to pay in September 2017, a $0.9m final consideration for the settlement of the 51% Lloyds Online Auctions acquisition.

A fully franked dividend of 3 cents per share was declared on 31 August 2017 and payable 22 November 2017. A further special dividend of 3 cents per share fully franked will be paid on the same date.

Other than disclosed above no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect:

(a) the Consolidated Entity's operations, or
(b) the results of those operations, or
(c) the Consolidated Entity's state of affairs.

28. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2017	*2016*
	$000	*$000*
Amounts received or due and receivable by the auditor's for:		
Audit or review of the financial report of the Consolidated Entity	96	110
Non-audit services	23	-
	119	110

29. RECONCILIATION OF NET PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

Reconciliation of net profit (loss) after tax to the net cash flows from operations	*CONSOLIDATED*	
	2017	*2016*
	$000	*$000*
Net profit after taxation	5,816	3,981
Adjustments for:		
Depreciation and amortisation	746	433
Impairment of goodwill	350	120
Net loss / (profit) on disposal of plant and equipment	37	16
Changes in assets and liabilities		
(increase)/decrease in inventories	(1,236)	(1,153)
(increase)/decrease in trade and other receivables	(83)	22
(increase)/decrease in other assets	73	368
(increase)/decrease in net deferred tax assets and liabilities	(575)	(2,485)
(decrease)/increase in trade and other payables	1,126	94
(decrease)/increase in provisions	(919)	777
Net cash flows used in operating activities	**5,335**	**2,173**

30. PARENT ENTITY DISCLOSURES

a. Financial position

	As at 30 June *2017*	*2016*
	$000	*$000*
Assets		
Current assets	124	7,144
Non-current assets	23,620	18,168
Total assets	**23,744**	**25,312**
Liabilities		
Current liabilities	281	600
Non-current liabilities	3,123	592
Total liabilities	**3,404**	**1,192**
Net Assets	**20,340**	**24,120**
Equity		
Issued capital	18,019	17,975
Retained earnings	2,321	6,145
Net Equity	**20,340**	**24,120**

b. Financial performance

	Year ended 30 June *2017*	*2016*
	$000	*$000*
Profit/(Loss) for the year	(550)	14,474
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(550)	14,474

c. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No such guarantees existed at 30 June 2017.

d. Contingent liabilities of the parent entity.

No contingent liabilities existed within the parent entity as at 30 June 2017 (30 June 2016: Nil).

e. Commitments for the acquisition of property plant and equipment by the parent entity

Commitments for the acquisition of property plant and equipment by the parent entity existed as at 30 June 2017 for the value of $Nil (30 June 2016: Nil).

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2017, and no change to the Group's accounting policy is required:
The Group has not elected to early adopt any new Standards or Interpretations.

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:** The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	The Group has considered these standards and determined that there is no material impact on the Group's financial statements.	1 July 2017
AASB 15	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The group are in the process of assessing the impact on the financial statements and currently not sable to estimate the impact. The group will conclude the assessment of the impact over the next 12 months	1 July 2018

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 16	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2019
AASB 2017-1	Transfers of Investment Property	**Amendments to AASB 140 *Investment Property*** The amendments clarify the principle that an entity can only transfer a property to, or from, investment property when there is a change in use of the property, supported by evidence that a change in use has occurred. They also clarify that the situations specified in AASB 140, paragraph 57 are examples of evidence of change in use, and not an exhaustive list.	The Group has not yet determined the impact on the Group's financial statements.	1 July 2018

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Joyce Corporation Ltd, I state that:

(a) in the Directors' opinion, the financial statements and notes thereto of the Consolidated Entity has been prepared in accordance with the Corporations Act 2001, including that they:

(i) comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2017 and of its performance as represented by the results of its operations and its cash flows for the year ended on that date; and

(b) the Directors have been given the declarations by the Executive Director and Chief Financial Officer required by Section 295A;

(c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.

D A Smetana
Chairman

Perth, 27 September 2017

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF JOYCE CORPORATION LTD AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Ltd AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Ltd AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Ltd AND ITS CONTROLLED ENTITIES

ASX ADDITIONAL INFORMATION
AS AT 26 SEPTEMBER 2017

Additional information required by the Australian Securities Exchange Limited's Listing Rules and not disclosed elsewhere in this report. The information is provided below:

(a) Distribution of Shareholders

Category As at 26 September 2017	Holders	Fully Paid Ordinary Shares	%
1 - 1,000	223	81,011	0.29
1,001 – 5,000	181	459,903	1.67
5,001 - 10,000	73	585,501	2.12
10,001 – 100,000	156	5,607,177	20.32
100,001 – and over	30	20,854,663	75.59
Rounding			0.01
Total	663	27,588,255	100.00

(b) Shareholdings - Substantial Shareholdings

The number of shares held or controlled at the report date by substantial shareholders was as follows:

Ordinary Shareholder	Fully Paid Ordinary Shares	%
1. Mr D A Smetana* (excluding partly paid)	10,854,829	39.4
2. John Roy Westwood	2,350,000	8.4
Total	**13,204,829**	**47.8**

* Mr Smetana has beneficial interest in 9,874,129 fully-paid ordinary shares (2016: 9,874,129) and 380,000 partly paid shares.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ASX ADDITIONAL INFORMATION (CONTINUED)
AS AT 26 September 2017

(d) Shareholdings - Twenty Largest Holders of Quoted Equity Securities - ungrouped

The number of shares held at the report date by the twenty largest holders of quoted equity securities:

	Ordinary Shareholder	Fully paid Ordinary Shares	%
1.	ADAMIC PTY LTD	7,711,568	27.95
2.	UFBA PTY LTD	2,328,000	8.44
3.	PEDUNCLE PTY LTD	1,948,312	7.06
4.	ONE MANAGED INVT FUNDS LTD <1 A/C>	1,000,000	3.62
5.	TRAFALGAR PLACE NOMINEES PTY LTD	990,233	3.59
6.	MR DONALD TEO	990,000	3.59
7.	MR DANIEL ALEXANDER SMETANA	563,726	2.04
8.	STARBALL PTY LTD	534,031	1.94
9.	TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	504,291	1.83
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	456,534	1.65
11.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	435,174	1.58
12.	MR DAN SMETANA	354,022	1.28
13.	CONARD HOLDINGS PTY LTD	347,940	1.26
14.	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	282,519	1.02
15.	P B L INVESTMENTS PTY LTD	265,203	0.96
16.	BELLPAM PTY LIMITED <P MEINHARDT PENSION FUND A/C>	207,500	0.75
17.	EPIC TRUSTEES LIMITED	201,695	0.73
18.	MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	185,514	0.67
19.	FALCON FIRE PROTECTION PTY LTD <FALCON FIRE PROTECT SF A/C>	166,666	0.60
20.	SELSTOCK PTY LIMITED <SUPERANNUATION FUND A/C>	150,012	0.54
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**19,622,940**	**71.13**
Total Remaining Holders Balance		**7,965,315**	**28.87**

(e) Unquoted Partly Paid Shares holdings greater than 20%

Ordinary Shareholder	**Partly Paid Ordinary Shares**	**%**
Mr D A Smetana	380,000	100
Total	**380,000**	**100**

Partly paid shares are unquoted until they become fully paid. Partly paid shares carry voting rights and rights to participate in entitlement issues although any shares acquired under a rights issue cannot be quoted until the partly paid shares become fully paid.

ASX ADDITIONAL INFORMATION (CONTINUED)
AS AT 26 SEPTEMBER 2017

(f) Company Secretary

Mr Keith Gray

(g) Registered Office

75 Howe Street,
Osborne Park, WA,
AUSTRALIA, 6017

Tel: +61 8 9445 1055

(h) Share Registry

Computershare Investor Services Pty Limited
Level 11,
172 St Georges Terrace
Perth, WA 6000

Tel: 1300 557 010