



6 April 2017

Dear Shareholders,

JOYCE CORPORATION LTD – HALF YEAR RESULTS TO 31 DECEMBER 2016

You would now have received your Joyce fully franked Dividend paid on 3rd April for 5.5 cents per share. This is in line with our 2015 plan and our commitment to providing strong returns to shareholders, which comprises an interim dividend of 3.5 cents and a special dividend of 2 cents respectively, both fully franked.

I am pleased to provide a summary of Joyce Corporation Ltd's financial results for the half year ending 31 December 2016 and some insights to the outlook for FY17.

Joyce Corporation has delivered a solid performance and made great progress in securing growing opportunities designed to create value for our shareholders.

The company has performed well, with continual growth in Consolidated Revenue up +51% on the previous year 2015 for the same period, to \$39.1 million with Net Profit after Tax (NPAT) attributable to members for continuing operations after non-controlling interest is up + 80 % to \$1.57 million from \$0.88 million in 2015 for the same period.

Highlights for the half financial year included the integration from 1 July 2016 of 51% of Lloyds Online Auctions Pty Ltd. Lloyds Online as a business unit performed exceptionally well compared to the comparable period 2015, with auction turnover increasing to over \$39.1 million for the 6 months. With solid plans for expansion, Lloyds has contributed \$7.0 million in revenue in the half year and we expect the business to continue to grow. Currently this business is well ahead of plan for the third quarter results.

It is important to note that the total group network sales including franchisee sales and auction sales of \$103.6 million up 72% from 2015 for the half year.

Both KWB Group (kitchens and wardrobes) and Bedshed also performed well all increasing total revenue. Kitchens continued with solid double-digit growth of over 21% Like for Like growth achieved in this reporting period.

We have several new sites for the group opening in the second half and so anticipate a further lift on a comparable basis.

Bedshed has also begun its compelling campaign to attract suitable Franchisees to NSW and Sydney. Offering substantial incentives for the right operators of our great business model. The push to open additional Eastern State stores has begun.

The company has now finalised its Howe Street development in the tightly held Perth suburb of Osborne Park. The premises were completed during December 2016 and officially opened by the Premier of Western Australia, the Hon Colin Barnett MLA. This accommodates the Joyce and Bedshed corporate offices and also has two surplus warehouse units that will be let to earn additional income. We are now therefore out of corporate rental premises in WA.

We anticipate in the second half rental income derived from our 2 additional warehouses will contribute late in the half to the result.

We are pleased to advise that post the reporting period, KWB Group's wholly owned subsidiary KWB Property Holdings Pty Ltd has managed to acquire a 10,000 sq mtr industrial site in Lytton QLD. This includes a 6,600 sq mtr building, which will now house the operations of the QLD Kitchen business and its wardrobe assembly factory. This will mean rents currently paid will cease as of April 2016. We have leased the remaining 3980 square meters to a third party on a ten-year lease basis that will provide additional Revenue in 2017-18.

The property purchase, which became unconditional in January 2017 for \$8 million and settles in April 2017, was recently valued by independent valuers in excess of the acquisition price. The new longer lease is expected to add considerable value into the near future.

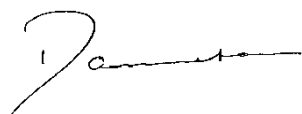
The arrangements with this property acquisition and the news that we have secured favourable supply agreements with one of our existing suppliers, will greatly assist us with further Kitchen growth nationally. This should see further solid growth in earnings from our Kitchen business into the near future.

The Joyce group is poised for further growth and the underlying business units are continuing with their solid performance into the second half. The Company has very low bank debt levels and this is secured against bricks and mortar.

Looking ahead, we remain focussed on long-term shareholder value creation. The Company is in an enviable financial position with profitable businesses, low debt and substantial growth opportunities which provides a strong level of security for our shareholders. The recent strategic development and execution of our plans have been extraordinarily progressive and has set the foundation for further organic growth and business partnering opportunities.

I would like to take this opportunity to acknowledge the contribution made by my fellow directors. I would also like to recognise the invaluable contribution made by management, staff and our Executive Director Anthony Mankarios, in achieving consistently strong results. We also thank shareholders for their continued support and look forward to another successful year ahead. I have no hesitation commending Joyce Corporation Ltd to you.

Yours faithfully,



Dan Smetana
Chairman