

Chairman's AGM Address 25th November 2014

Good Morning shareholders welcome to our 2014 Annual General Meeting. Allow me to introduce those Directors sitting by my side, for those of you who have not yet had the opportunity to meet them. I have.....

Firstly I would like comment on our final results for the period to 30th June 2014. I am pleased to announce the return to sustainable profitability with a Net profit after tax of **\$1.57** Million compared with \$668K in the comparative year ending 30th June 2013. This is an increase of 135%.

This equates to Net earnings of 5.8 cents per ordinary share for continuing operations.

In November the company has just paid a final unfranked Dividend of **2.1** cents per share to all shareholders. This along with previous interim Dividend of **1.5** cents brings the yearly total to **3.6** cents per share up +16.6% on the previous period.

I wish to comment on the Company's future possibility of paying and declaring franked dividends. Our tax advisors have informed us, given the group's current track record, and subject to continual performance improvements the Company will likely pay Franked Dividends in or around 2017/18 or prior, subject to the Moorebank property outcomes.

This is most encouraging indeed and is consistent with our forward plans.

Most importantly the Company is in a strong financial position with net gearing around 27% and; with the solid asset of our Moorebank Industrial Property underpinning our undiluted net asset backing of around 82.4 cents or possibly even more given recent market data at Moorebank and the proposed Inter-modal planned Development in the area.

The Company has cash in the bank and good growth prospects with the possibility of Fully Franked Dividends in the near two to three year horizon, after the group fully utilises the accumulated prior year losses; it is now fair to say this is the strongest position the Company has been in its recent past.

The Bedshed retail stores and franchise network has performed above budget and continues to trade well in the first quarter of the new financial year.

A little more on our valuable 41,840 sq mtr property in Moorebank. This is located South West Sydney near the M5 motorway on/off ramp. It has future potential and as we have previously outlined the Company is not a long- term holder of industrial property, we may seek to sell this property in the medium term. The property has strong growth prospects, as outlined by recent independent evaluations, of well in excess of \$21 Million. This may see likely solid capital growth and anticipated net rent increases in the region of \$1M pa from December 2015, as a result of the sub-economic rent conclusion to the lease option period in Nov 2015. The current market rent increase expectations will see additional net cash available to the group each year should we elect to hold the property.

I am also eager to confirm, as announced previously in October that the Company has elected to convert its tranche 2 Convertible Notes investment into equity in KWB Group Pty Ltd. We now own 57% of this subsidiary and as such will be consolidated into our group accounts from 1 November 2014.

KWB is the owner of the iconic Kitchen Connection and Wallspan retail brands in the eastern states. The management team worked very well to achieve results within our initial expectations. It is currently trading profitably and above our internal forecasts for Quarter 1 2014-15. KWB has recently declared and paid Dividends to Joyce and management fees. We anticipate additional earnings will be generated for the group in the coming 12 months as a direct result of this strategy.

It is our view that on balance the Group has a positive future. Our cash and asset position puts the group in a position of relative financial safety with significant capability to fund appropriate growth opportunities as well as provide additional shareholder benefits in the near future.

I would like to take this opportunity to thank the Executive Team led by Mr. Anthony Mankarios along with our Board for a solid performance and would like to commend the Company to you.

We look forward to a positive future ahead. Please join us for coffee and tea and refreshments.

Dan Smetana
Chairman