

Joyce Corporation Ltd
AND CONTROLLED ENTITIES

Annual Report 2015

Celebrating 129 Years in Business



Joyce Corporation Ltd
AND CONTROLLED ENTITIES

ABN: 80 009 116 269

Annual Report 2015

Corporate Directory

Directors

D A Smetana
Chairman

M A Gurry

T R Hantke

A Mankarios

Secretary

K Gray

Notice of annual general meeting

The Annual General Meeting of Joyce Corporation Ltd
will be held at: Bedshed Central Office

14 Collingwood Street
Osborne Park 6017

Western Australia

time: 10:00am

date: 24 November 2015

Principal registered office

14 Collingwood 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

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CHAIRMAN'S REPORT

It is with great pleasure to report that the Company has recorded a profit after tax attributable to members at 30th June 2015 of \$5,221,000 compared to \$1,570,000 for the comparable prior year, up +232.5%.

The net profit before tax to 30th June 2015 was \$8,195,000 up 258.3% from \$2,287,000 at 30th June 2014.

Revenues for the group were up +174% to \$34.73 Million (excluding network sales from franchised stores).

We are pleased to declare a final fully franked dividend of 3 cents per share payable on the 23rd of October 2015 with a record date of the 6th of October 2015. In addition, subject to the settlement of the Moorebank property sale, a special fully franked dividend of 5 cents per ordinary share will be paid. In total this will result in a (substantially franked) 10.5 cent per ordinary share dividend for the entire calendar year.

The Company's Net Assets per share was 94 cents as at 30th June 2015. The Earnings per share (EPS) is 16.0 cents compared to 5.6 cents last year on a fully diluted basis for this same period.

I feel it is important to share the following information with shareholders. In order to adequately reward our existing shareholders for their continuing support of the Company. We plan to pay a franked special dividend of 5 cents each year for the next two years in addition to this year on top of our normal dividend. We feel that the strategic plans the Company has developed will allow this special dividend to be relatively sustainable in the next periods after the third payment subject to continued stable world economic and local trading conditions continuing.

Given the current world economic and political climate, it is very positive that the Company is in a relatively impregnable financial position, with ample wherewithal to take advantage of growth opportunities into the near future with little downside risks.

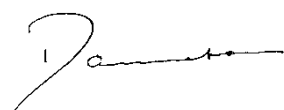
The Company announced during this period that it had sold its 40,800 square metre industrial property in Moorebank NSW for \$25 Million and it is due to settle on or after the 30th September 2015. This result will allow the Group to be debt free with ample cash to ensure our plans are completed. We have already received a non refundable deposit of \$2.5 Million regarding the Moorebank sale.

Subsequently, as an after balance date event, we have also announced the purchase of a substantial commercial property of nearly 4,048, square metres in the highly sought after Osborne Park WA area for \$4 Million plus GST. The Company plans to develop this site and has already reviewed initial development plans for the site. This will soon house our corporate offices and warehousing and provide for potential additional rental income streams allowing for an EBIT gain on our property in the near future.

The Company's business units Bedshed and KWB group performed well and above expectations. The Company continues to perform above our forecasts in the current period.

I would like to thank the entire Management Team and staff, including Mr Anthony Mankarios our Executive Director and the Joyce and KWB Boards for a solid enviable performance and I have no hesitation commending the Company as highly secure and with significant wherewithal for growth

We look forward to a positive future ahead.



Dan Smetana
Chairman

EXECUTIVE DIRECTOR'S REPORT

Operational Review

Director's Operational Review

The Company announced a statutory profit for the year after tax of \$5.22M and a record EBITDA of \$7.93M to 30th June 2015 compared with \$2.8M in the prior period, up 183%. This result included provisions on Moorebank, one off costs and goodwill impairment charges with the resulting adjusted provisions and costs totalling \$2.9M.

Bedshed Franchising ("Bedshed")

The main 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 retail goods environment.

The Bedshed company owned stores traded well up on last year and earnings growth was also up in double-digit growth.

The company store at Bundall QLD was closed in this period due to the end of its lease. A new franchise store has now opened subsequent to year end in the Bundall area.

Bedshed Franchising managed to secure a new franchise in the ACT late in the period.

During the year two more stores were converted to the Bedshed "Evolution" store fit out and both stores have since performed very strongly. The company has plans to fast track "Evolution" upgrades for the next two years.

KWB Group Pty Ltd ("KWB")

At the 30 June 2015 the company held 57% equity in the subsidiary KWB Group Pty Ltd. Total consolidated revenue and profit increased accordingly, with profit up in triple-digit growth. This has resulted substantially from restructuring initiatives.

Kitchen Connection and Wallspan kitchen and wardrobes' retail stores were upgraded and some stores were relocated during this year. The KWB stores have been fully upgraded to produce an inspiring contemporary kitchen showroom experience for our customers. KWB currently operates in QLD, NSW and SA with 12 stores.

The Company is fully cash funded, with no bank debt and has considerable orders on its books. The cash position is strong and this subsidiary managed to pay its first cash dividend during this period. We anticipate this may produce better procurement opportunities.

The focus now is on additional new stores and the introduction of new lines and benefits to our customers. The Company has already signed leases to open new stores in major centres for the next period.

Moorebank

The Company announced during the year it has secured a sale of its large industrial property at Moorebank NSW. This asset is currently held in our books as a current asset and the associated bank debt liability is likely to be repaid on settlement of this property.

The Sale Price was \$25 Million. The settlement will be on or after the 30th September 2015. The deposit of \$2.5 Million was unconditionally released to Joyce prior to year end and the sale is unconditional.

The property asset value has previously been carried in our books on the basis of the sub-economic rent valuations. Selling the property ensured net EBIT gain in our books of \$6.6M. We have conservatively provided for any expenses and associated one off costs.

EXECUTIVE DIRECTOR'S REPORT (CONTINUED)

Future Outlook

The Company has concluded its recent restructure program of closing underperforming Bedshed Company owned stores. The last remaining discontinuing store recorded a loss of \$95K in the year. The remaining company owned stores are all generating operating profits.

Cash flow is anticipated to improve as the remaining store-exit payments conclude this coming year. These exit payments had a minor impact on cash in the fiscal 2015 year. This will have minor impact in the next year and these costs are provided for in the company books in prior years.

The Company's cash position has increased significantly and is due to increase with the pending settlement of the Moorebank property. The sale is for \$25 Million and will allow for repayment of all current bank debt and will provide the opportunity for new business acquisitions to underpin the group's activities and growth plans in the near future.

The Company's prospects are positive given the recent lift in activity in its core Bedshed business. Currently operations are all meeting profit expectations in a challenging retail environment.

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

KWB commenced cash dividend payments which will commence to be franked in the year ahead.

Joyce's vision is to produce above 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 retail footprint into the premium "do it for me" market of kitchen and wardrobe renovation will grow significantly in the coming years.

The outlook remains positive whilst continuing to be subject to overall economic activity.

After Balance Date Events

The Company has announced that it has purchased a property in Osborne Park W.A. This is due to settle on 2nd of October 2015 for \$4M plus GST. The Company is currently reviewing plans to develop this property. We aim to consolidate our corporate offices and W.A. warehouse facilities to this site. In the future this is likely to provide additional rental revenue streams and potential lifts in EBIT resulting from valuation gains and incoming rent.



Anthony 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 2015.

DIRECTORS

The names of the Company's Directors in office during the year ended 30 June 2015 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

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 Investment; and
- (d) Majority owner of KWB Group Pty Ltd with 57% from October 2014.

Other than the closure of a marginal store in Queensland in March 2015, the announced sale of the NSW Moorebank property and becoming a majority owner of KWB Group, no other significant changes in the nature of the activities of the Consolidated Entity occurred during the year.

REVIEW AND RESULTS OF OPERATIONS

During the year ended 30 June 2015 ("the Financial Year") the Consolidated Entity, achieved revenue from continuing operations of \$34.7m (2014: \$12.7m) and a profit from continuing operations before tax of \$0.91m (2014: \$0.62m) and an overall net profit after tax of \$5.22m (2014: \$1.57m). The revenue increased significantly from the consolidation of KWB Group Pty Ltd from November 2015. Like for like sales reduced marginally on the closure of a Queensland company store due to the end of a lease term. A franchise store was subsequently opened in the vicinity of the company owned store.

Profit was supported with revaluation of the investment property at Moorebank in NSW from an unconditional sale contract with settlement due 30 September 2015.

Financial Position

At 30 June 2015 the Consolidated Entity had equity of \$26.5m (2014: \$22.7m); with dividend payments increasing from \$835k in 2014 to \$1,273k in 2015. Cash and cash equivalents increased to \$5.96m (2014: \$0.82m). Unutilised debt facilities were \$3.5m (2014: \$869k). Debt is likely to be fully repaid after settlement of the Moorebank property in September 2015.

Bank Facility

The Board is pleased to advise that the Consolidated Entity has successfully extended its longer term debt funding facility with St George Bank to 30 June 2019. The \$1.24m multi option facility which is subject to annual review was also extended for another year to June 2016.

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 Board is completing a strategic review of all businesses to ensure maximum return on shareholders' funds and during the year converted convertible notes into to a majority equity stake in KWB Group Pty Ltd (KWB) a kitchen and wardrobe sales and installation company based in Queensland, South Australia and New South Wales. The KWB business is investing in additional stores and the expansion will see significant improvement in profits and an increase profit from the investment of 51% KWB after the final bonus equity earnings for the period ended 30 June 2015 reduces the Company interest in KWB from 57% from October 2015.

DIVIDENDS

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

	2015 \$000	2014 \$000
<i>Distributions paid or payable</i>		
Interim unfranked ordinary dividend of 1.0 (2012: 1.5 cents) cents per share (Paid – 24 July 2013)	-	280
Final unfranked ordinary dividend of 2.0 (2013: 0.65) cents per share (Paid 21 November 2013)	-	559
Interim unfranked dividend of 1.5 (2013: 1.0) cents per share (Paid 31 July 2014)	420	420
Final unfranked ordinary dividend of 2.1 (2014: 2.0) cents per share (Paid 21 November 2014)	587	-
Prior year dividends paid on partly paid shares (Paid 01 March 2015)	11	-
Interim unfranked dividend of 2.5 (2014: 1.5) cents per share (Paid 31 March 2015)	699	-
	<u>1,717</u>	<u>1,259</u>

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company converted the second tranche of convertible notes in KWB Group Pty Ltd from November 2014 to achieve majority ownership. The management of KWB continue to hold minority equity and resulting from strong performance to the 30 June 2015 their minority holding will increase to 49% in September 2015.

The Company has previously announced that the investment property was not part of the longer term strategy and during the year negotiated a sale of the Moorebank property with an unconditional sale for \$25 M which will settle on or after 30 September 2015.

SIGNIFICANT AFTER REPORTING DATE EVENTS

After the reporting date, a franked dividend was declared on 27 August 2015 of 3 cents per share payable 23 October 2015. A further special dividend of 5 cents per share fully franked will be paid on the same date subject to the settlement of the Moorebank property. Subsequent to year end the settlement date has been changed to 30 October 2015.

A contract to purchase a property for use by the Company allowing consolidation of a number of sites was made on 2 July 2015 for \$4M.

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.

INFORMATION ON DIRECTORS

Mr D A Smetana *Chairman - Non-executive. Age 71.*
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. He is a past President of the Industrial Foundation for Accident Prevention and remains a Director., Director of Poly Metallica Minerals Ltd, a Director of St John of God Foundation and Chairman of the St John of God Comprehensive Cancer Centre Fundraising Committee. 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

- **9,850,696** beneficial fully paid ordinary shares in Joyce Corporation Ltd.
- 380,000 partly paid (issued at \$1.955 and paid to \$1.523) ordinary shares in Joyce Corporation Ltd.

Mr M A Gurry. – *Independent, Non-executive Director. Age 68.*

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

None

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS (CONTINUED)

Mr T R Hantke. – *Independent, Non-executive Director. Age 67.*
Bachelor of Commerce, FAIM, FAICD

Experience and expertise

Mr Hantke is Managing Director of his own consulting 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; Member of the Franchise Policy Council 1997 - 2002; is currently a Member of the ACCC's Franchise Consultative Committee; and Chairman of Central Purchasing Services Ltd, an Alternate non-executive Director of Mrs. Macs Pty Ltd and a non-executive Director of Bentech Assistive Technologies Inc. He also Chairs a peer group mentoring for CEO's group for The Executive Connection and undertakes commercial mediations. Mr Hantke has extensive managerial experience in both small and large organizations 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

None

Mr A Mankarios. – *Executive Director Age 48.*
MBA, FAICD, CFTP

An Executive Director of Joyce Corporation Limited (JYC), 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; 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 (IVT) and was the CEO of Oldfields Holdings Ltd (prior to 2010).

His experience over the last 26 years spans a number of different sectors ranging from retail, wholesale and distribution, manufacturing as well as furniture 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

700,485

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.

DIRECTORS' REPORT (CONTINUED)

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 2015, and the numbers of meetings attended by each Director were:

	Full meeting of Directors		Meetings of committees			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
D A Smetana	11	10	4	4	-	-
M A Gurry	11	9	4	4	4	4
T R Hantke	11	9	4	4	4	4
A Mankarios	11	11	4	4	4	3

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

A 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. Link between remuneration policy and Company performance

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:

G Culmsee Chief Operating Officer Bedshed Franchising Pty Ltd
 K Gray Chief Financial Officer Joyce Corporation Ltd
 J Bourke Managing Director KWB Group Pty Ltd
 C Palin Finance Director KWB Group Pty Ltd

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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

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

The Remuneration Committee is required to assess its effectiveness periodically. In addition the Charter is required to be revised 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.

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.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which 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 with effect from 30 June 2011. The remuneration of Directors was reduced in 2009 and has subsequently been reinstated without escalation during the 2013 to 2015 financial years. 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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT - AUDITED (CONTINUED)

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.

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.

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	Chief Operating Officer
Mr K Gray	Chief Financial Officer and Company Secretary

The employment conditions of all Key Management Personnel are formalised in contracts of employment. Other than Directors, the Executive Director and the CFO, who were engaged by Joyce Corporation Ltd all other executives are permanent employees of Bedshed Franchising Pty Ltd.

The Executive Director has a service contract which at the date of this report runs to 30 June 2016 at the rate current at 30 June 2015. This is a part time 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.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT – AUDITED (CONTINUED)

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.

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-15							
Non-Executive Directors							
Mr D A Smetana	161,761	-	-	26,637	-	188,398	-
Mr T R Hantke	59,821	-	-	15,538	-	75,359	-
Mr M A Gurry	61,741	-	-	13,618	-	75,359	-
Total Non-Executive Directors	283,323	-	-	55,793	-	339,116	-
Executive Director							
Mr A Mankarios ¹	174,724	30,387	-	-	-	205,111	14.82%
Total Directors	458,047	30,387	-	55,793	-	544,227	
Mr G Culmsee ²	225,667	30,319	622	21,497	-	278,105	10.90%
Mr K Gray ²	183,843	36,760	675	17,529	-	238,807	15.39%
Mr J Bourke ³	272,366	63,500	-	10,419	-	346,285	18.34%
Mr C Palin ³	191,671	63,500	-	8,195	-	263,366	24.11%
Total Other Key Management personnel	873,547	194,079	1,297	57,640	-	1,126,563	
Total Remuneration:	1,331,594	224,466	1,297	113,433	-	1,670,790	13.43%
30-Jun-14							
Non-Executive Directors							
Mr D A Smetana	159,602	-	-	26,007	-	185,609	-
Mr T R Hantke	58,957	-	-	15,286	-	74,243	-
Mr M A Gurry	60,877	-	-	13,366	-	74,243	-
Total Non-Executive Directors	279,436	-	-	54,659	-	334,095	
Executive Director							
Mr A Mankarios	133,569	67,925	-	-	-	201,494	33.71%
Total Directors	413,005	67,925	-	54,659	-	535,589	
Mr G Culmsee	219,697	54,520	-	20,322	-	294,539	18.51%
Mr K Gray	178,046	43,937	1,098	16,570	-	239,651	18.33%
Total Other Key Management personnel	397,743	98,457	1,098	36,892	-	534,190	-
Total Remuneration:	810,748	166,382	1,098	91,551	-	1,069,779	15.56%

DIRECTORS' REPORT (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. He is contracted to 30 June 2016.
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 2015 financial year.

Other Key Management Personnel were 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.

D. Share-based compensation

There was no share-based compensation of Key Management Personnel during the year ended 30 June 2015 (2014: 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 2015 no options (2014: 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 2015 (2014: 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 (2014: Nil).

	Balance 01-Jul-14	Granted as Remuneration	On Exercise of Options	Net Change	Other	Balance 30-June-15
2015	Ord	Ord	Ord		Ord	Ord
Mr D A Smetana*	9,850,696	-	-	-	-	9,850,696
Mr T R Hantke	-	-	-	-	-	-
Mr M A Gurry	-	-	-	-	-	-
Mr A Mankarios	697,286	-	-	-	3,199	700,485
Mr G Culmsee	-	-	-	-	-	-
Mr K Gray	-	-	-	-	-	-
Mr C Palin	-	-	-	-	-	-
Mr J Bourke	-	-	-	-	-	-
Total	10,547,982	-	-	-	3,199	10,551,181

* Beneficial holding only. Mr Smetana controls 10,893,438 fully-paid ordinary shares (2014 10,893,438).

DIRECTORS' REPORT (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, are set out below. There were no shares granted during the reporting period as compensation (2014: Nil).

2015	<i>Balance 01-Jul-14 Ord</i>	<i>Granted as Remuner ation Ord</i>	<i>On Exercise of Options Ord</i>	<i>Net Change</i>	<i>Other Ord</i>	<i>Balance 30-June-15 Ord</i>
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 C Palin	-	-	-		-	-
Mr J Bourke	-	-	-		-	-
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 \$1.523) (2014 paid to: \$1.432) 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)

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.

	2015	2014	2013	2012	2011
	\$000	\$000	\$000	\$000	\$000
Revenue (a)	36,544	15,056	18,921	19,956	24,441
Net Profit after tax	4,472	1,570	668	3,035	2,914
Share Price at Year-end \$	1.05	0.52	0.40	0.42	0.45
Dividends (Cents) Paid	6.10	3.00	2.15	2.00	2.00
Dividend payout ratio %	38.2	52.6	90.0	18.2	14.0

(a) Revenue and net profit in respect of the 2015, 2014 and 2013 financial years include discontinued operations. The 2013 financial performance was impacted by a non-recurring provision for stores that are to be closed during the financial year ending the 30 June 2013 and 2014 financial years.

G. Voting at the 2014 Annual General Meeting on the Remuneration report

The Remuneration report in the 2014 Annual Report to shareholders was approved by 99.9% of shareholders at the 2014 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 2012 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 was undertaken by the independent professional firm of Gerard Daniels Australia. 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. During the financial year ended 30 June 2015 the Company did not engage any remuneration consultants.

LOANS OR OTHER TRANSACTIONS TO DIRECTORS AND EXECUTIVES

There were no loans outstanding to Directors and executives as at 30 June 2015 (2014: nil).
There were no other transactions with key management personnel.

The Executive directors fees for Mr A Mankarios are paid to Starball Pty Ltd, a company in which Mr Mankarios has significant influence - \$205,111 (2014: \$201,495). As at year end the amount owing to this related party was \$19,437 (2014: \$9,825).

A receivable from Pynland Pty Ltd, a company with shares held in trust by Dan Smetana for the suspended employee share scheme, for \$26,131 owing to Joyce Corporation Ltd for amounts paid on behalf of Pynland Pty Ltd (2014: \$26,131).

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 no fees paid or payable to the auditors for non-audit services for the year ended 30th June 2015.

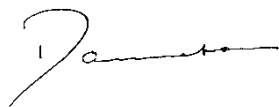
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

ROUNDING OF AMOUNTS

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial 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, 30 September 2015

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF JOYCE CORPORATION LIMITED

As lead auditor of Joyce Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Joyce Corporation Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2015

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 2015 corporate governance policy and statement reflects the corporate governance practices in place throughout the 2015 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

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 30 June 2015 \$000	30 June 2014 \$000
Continuing operations			
Revenue	6	34,737	12,657
Cost of sales		(17,478)	(4,103)
Gross Profit		17,259	8,554
Other income	6	97	141
Share of net profit of associate	29	215	255
Expenses from continuing operations			
Administration expenses		(10,492)	(5,138)
Distribution expenses		(850)	(948)
Marketing expenses		(1,273)	(488)
Occupancy expenses		(2,366)	(1,307)
Finance costs	6	(262)	(341)
Impairment of intangible assets	6	(1,375)	(150)
Other expenses		(45)	(36)
Profit from continuing operations before income tax		908	617
Income tax (expense) / benefit	7	(782)	(243)
Profit from continuing operations after tax		126	374
Discontinued operations			
Profit for the year from discontinued operations	8	5,095	1,196
Profit for the year		5,221	1,570
Profit is attributable :			
Ordinary equity holders of the company		4,472	1,570
Non-controlling interests		749	-
Total Comprehensive Income for the year		5,221	1,570
Earnings per share for profit attributable to the members of Joyce Corporation Ltd			
Basic earnings per share (cents per share)	9	16.2	5.7
Diluted earnings per share (cents per share)	9	16.0	5.6
Earnings per share for profit from continuing operations attributable to members of Joyce Corporation Ltd			
Basic earnings per share (cents per share)	9	0.5	1.4
Diluted earnings per share (cents per share)	9	0.5	1.3

*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 26 to 73.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	30 June 2015 \$000	30 June 2014 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	10	5,962	816
Trade and other receivables	11	577	416
Inventories	12	2,185	2,108
Other assets	13	22,890	232
Other financial assets	15	1,252	1,892
Total Current Assets		32,866	5,464
Non-Current Assets			
Trade and other receivables	11	558	335
Investments accounted for using the equity method	29	-	755
Deferred tax asset	7	918	2,280
Plant and equipment	16	1,294	497
Inventories	12	558	-
Investment property	17	-	17,315
Intangible assets	18	9,620	9,972
Total Non-Current assets		12,948	31,154
TOTAL ASSETS		45,814	36,618
LIABILITIES			
Current liabilities			
Trade and other payables	19	8,771	3,464
Interest-bearing loans and borrowings	20	22	102
Provisions	21	814	401
Provision for income tax		3,769	-
Total Current Liabilities		13,376	3,967
Non-Current Liabilities			
Interest bearing loans and borrowings	20	5,300	6,923
Deferred tax liabilities	7	317	2,765
Provisions	21	371	233
Total Non-Current Liabilities		5,988	9,921
TOTAL LIABILITIES		19,364	13,888
NET ASSETS		26,450	22,730
EQUITY			
Contributed equity	22	17,926	17,891
Reserves	23	2,699	5,321
Non-controlling interests		511	-
Retained earnings/(Accumulated losses)		5,314	(482)
TOTAL EQUITY		26,450	22,730

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 26 to 73.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 30 June 2015 \$000	30 June 2014 \$000
Cash flows from operating activities			
Receipts from customers		42,195	19,025
Payments to suppliers and employees		(37,714)	(17,631)
Interest received		86	129
Interest paid		(262)	(341)
Operating cash flow		4,305	1,182
Store closure costs		(137)	(665)
Net cash flows from operating activities	33	4,168	517
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1	19
Proceeds from sale of other assets		2,508	59
Proceeds from security deposit		1,100	600
Secured loan		76	(240)
Purchase of non-current assets		(564)	(51)
Cash acquired from business combination, net of cash consideration		2,587	-
Payment to trust account		-	(716)
Net cash from / (used in) investing activities		5,708	(329)
Cash flows from financing activities			
Proceeds from borrowings		-	50
Repayment of borrowings		(2,803)	(69)
Dividends paid	32	(1,927)	(835)
Net cash (used in) financing activities		(4,730)	(854)
Net increase / (decrease) in cash and cash equivalents		5,146	(666)
Cash and cash equivalents at beginning of period		816	1,482
Cash and cash equivalents at end of period	10	5,962	816
Reconciliation of cash			
Cash at bank and in hand		5,962	816
		5,962	816

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 26 to 73.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

		Contributed Equity	Reserves	Retained Earnings / (Accumulated Losses)	Non- controlling Interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	Note	17,845	5,321	(1,033)	-	22,133
Transfers to and from retained earnings		-	-	(6)	-	(6)
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	1,570	-	1,570
Profit attributable to non-controlling interests		-	-	-	-	-
Subtotal		17,845	5,321	531	-	23,697
<i>Transactions with owners in their capacity as owners</i>						
Payment partly paid shares		46	-	(34)	-	12
Dividends paid or provided for	32	-	-	(979)	-	(979)
Balance at 30 June 2014		17,891	5,321	(482)	-	22,730
Balance at 1 July 2014		17,891	5,321	(482)	-	22,730
Transfers to and from retained earnings		-	(2,622)	2,622	-	-
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	4,472	-	4,472
Profit attributable to non-controlling interests		-	-	-	749	749
Subtotal		17,891	2,699	6,612	749	27,951
<i>Transactions with owners in their capacity as owners</i>						
Payment partly paid shares		35	-	(11)	-	24
Dividends paid or provided for	32	-	-	(1,287)	(238)	(1,525)
Balance at 30 June 2015		17,926	2,699	5,314	511	26,450

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 26 to 73.

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 2015 were authorised for issue in accordance with a resolution of the directors of the Company dated 30 September 2015. Joyce Corporation Ltd is a Company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operation and principal activities of the Company and its controlled entities are described in note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Joyce Corporation Ltd and its controlled subsidiaries ('the Consolidated Entity').

(a) Basis of preparation

These general purpose financial statements for the year ended 30 June 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards.

Joyce Corporation Ltd is a for-profit entity for the purpose of preparing the Financial Statements.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report of the Consolidated Entity complies with International Financial Reporting Standards ("IFRS").

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect the entity's accounting policies or any of the disclosures.

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Consolidated Entity's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian Dollars, which is the Consolidated Entity's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not yet adopted

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013 it also sets out new rules for hedge accounting.

When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The Group does not have any such assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Adoption of AASB 9 is only mandatory for the year commencing 1 January 2017.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The Group does not anticipate there will be a material effect on the financial statements from the adoption of this standards.

Adoption of AASB 15 is only mandatory for the year commencing 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 28 to the financial statements.

The consolidation accounting method used for the consolidated financial statements that include the financial statements made up to the reporting date each year of the Company and its subsidiaries is disclosed under the note on 'Business Combinations' below. 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.

KWB Group Pty Ltd became a related party and has been consolidated into the Consolidated Entity from 1 November 2014. Up to this date KWB was accounted for on an equity accounting basis.

(c) Segment reporting

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 in order to allocate resources to the segments and to assess their performance.

(d) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

All companies of the Consolidated Entity have Australian Dollars as a functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

Tax Consolidation

Joyce Corporation Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Hire purchases and leases

Hire purchases and leases of property, plant and equipment where the Consolidated Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

Lease income from operating leases where the Consolidated Entity is a lessor is recognised as income on a straight line basis over the lease term.

(h) 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.

(i) 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Trade 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade receivables (Continued)

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.

(k) 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.

(l) 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.

(m) Investments and other financial assets

Classification

The Consolidated Entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity's management has the positive intention and ability to hold to maturity. If the Consolidated Entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Consolidated Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of profit or loss and other comprehensive income as part of revenue from continuing operations when the Consolidated Entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

The Consolidated Entity assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

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:

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

(n) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

(o) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges),
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Derivatives and hedging activities (continued)

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(q) 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;
- Leased plant and equipment - over 5 to 6 years; and
- Leasehold improvements – 3 to 20 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.

(r) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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 in the case of indefinite lived intangibles annually, 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

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

(v) 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.

(iii) Profit-sharing and bonus plans

The Consolidated Entity recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Consolidated Entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Consolidated Entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. Bank loans are carried at amortised cost. Transaction costs are deducted against the outstanding principal amount at amortised cost using the effective interest rate method.

(x) Contributed equity

Ordinary shares are classified as equity.

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.

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(aa) Comparatives

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

(bb) Rounding of Amounts

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded off to the nearest \$1,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(cc) 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.

(dd) Investments in associates

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Consolidated Entity's net investment in the associate.

The Consolidated Entity's share of the associate post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Consolidated Entity's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Consolidated Entity are identical and the associate's accounting policies conform to those used by the Consolidated Entity for like transactions and events in similar circumstances.

(ee) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

consideration transferred,

amount of any non-controlling interest in the acquired entity, and

acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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.

AASB3(42) If the 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 remeasurement 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 2015	30 June 2014
		\$000	\$000
Financial assets			
Cash and cash equivalents	10	5,962	816
Trade and other receivables	11	1,135	751
Other financial assets	15	1,252	1,892
		<u>8,349</u>	<u>3,459</u>
Financial liabilities			
Trade and other payables	19	8,771	3,464
Interest-bearing loans and borrowings	20	5,322	7,024
		<u>14,093</u>	<u>10,488</u>

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

The Consolidated Entity makes purchases some of which are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, in the ordinary course of business. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Consolidated Entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has a standard policy for dealing with foreign currency risk in the purchasing function of the Consolidated Entity in order to manage foreign exchange risk against the Consolidated Entity's functional currency. Material purchase contracts which are denominated in foreign currency are regularly reviewed by management and when it is considered necessary the currency risk exposure may be managed via the use of foreign currency contracts. The current policy is to forward buy USD contracts equivalent to fifty percent of six months forward US dollar denominated orders.

The Consolidated Entity's had exposure to foreign currency risk with respect to the US Dollar at the at 30 June 2015 of US\$200k.

(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.

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 2015 \$000	Weighted Average Interest rate %	30 June 2014 \$000
Financial assets				
Cash and cash equivalents	0.03%	5,962	4.14%	816
		<u>5,962</u>		<u>816</u>
Financial liabilities				
Overdraft – secured (i)	n/a	-	n/a	-
Commercial bill –secured – variable	n/a	-	n/a	-
Commercial bill –secured – variable (ii)	3.72%	5,300	3.84%	6,900
		<u>5,300</u>		<u>6,900</u>

- (i) The overdraft facility pays interest at variable interest rates plus a line fee and is renewed annually.
- (ii) The Commercial bill facility is approved to 30 June 2019. This debt facility is bank bill based and incurs a line fee on use.

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

The Consolidated Entity analyses its interest rate exposure on a dynamic basis. Various scenarios are modelled taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Consolidated Entity calculates the impact on profit and 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 2015 is at a variable interest rate (see above). Variable interest rates apply to the overdraft and cash and cash equivalents. On balances at 30 June 2015, 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 \$53k/\$53k higher/lower (2014 - \$69k/69k higher/lower), mainly as a result of a higher/lower interest expense arising from borrowings offset by lower/higher interest income from cash and cash equivalents. Equity would have been \$53k/\$53k higher/lower (2014 - \$69k/\$69k higher/lower) for the same reasons as above.

(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:

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Cash and cash equivalents		
AA	5,962	816
Trade and other receivables		
Non-rated	1,135	751
Other financial assets		
Non-rated	1,252	1,892
	<u>8,349</u>	<u>3,459</u>

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

	≤ 6 months	6-12 months	1-5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2015					
Consolidated financial assets					
Cash and cash equivalents	5,962	-	-	-	5,962
Trade and other receivables	1,114	-	21	-	1,135
Other financial assets	1,252	-	-	-	1,252
	8,328	-	21	-	8,349
Consolidated financial liabilities					
Trade and other payables	8,771	-	-	-	8,771
Interest bearing loans & borrowings	22	-	5,300	-	5,322
	8,793	-	5,300	-	14,093
Net maturity	(465)	-	(5,279)	-	(5,744)
Year ended 30 June 2014					
Consolidated financial assets					
Cash and cash equivalents	816	-	-	-	816
Trade and other receivables	730	-	21	-	751
Other financial assets	1,892	-	-	-	1,892
	3,438	-	21	-	3,459
Consolidated financial liabilities					
Trade and other payables	3,464	-	-	-	3,464
Interest bearing loans & borrowings	76	26	6,923	-	7,025
	3,540	26	6,923	-	10,489
Net maturity	(102)	(26)	(6,902)	-	(7,030)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Financing arrangements

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

	Facility limit	Used	Available
30 June 2014	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Consolidated	7,768	6,900	868
30 June 2015			
Consolidated	8,900	5,300	3,600

The Consolidated Entity had \$3,500,000 of available overdraft and bank bill facilities to manage its liquidity as at 30 June 2015 (2014: \$868,000) represented by a \$8,900,000 bank bill facility and overdraft facility. The consolidated entity had \$5,962,000 (2014: \$816,000) cash at bank as at the reporting date including funds held in trust set out at note 10. In addition the Consolidated Entity had a net investment in inventories of \$2,185,000 as at 30 June 2015 (2014: \$2,108,000). The Consolidated Entity has the ability to draw additional bank guarantees against the available undrawn facility.

(d) 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. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

(e) 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 other than as disclosed in note 20 (e).

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%. The gearing ratio for the year ended 30 June 2015 and 30 June 2014 is as follows:

	CONSOLIDATED	
	2015	2014
	<i>\$000</i>	<i>\$000</i>
Bank Debt	5,300	6,900
Less Cash and cash equivalents	(5,962)	(816)
Plus cash held on trust	1,252	1,483
	590	7,565
Gearing Ratio to Total Equity	2.2%	33.3%

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.

Impairment testing 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. Impairment of \$1,375,000 (2014: \$150,000) has been recognised in respect of goodwill for the year ended 30 June 2015. See note 18 for further details.

Recognition of deferred taxation assets

The Consolidated Entity has deferred tax assets at 30 June 2015 of Nil (2014: Nil) which were not brought to account, associated with tax losses arising in Australia the benefits of which will only be realised if the conditions for deductibility are met.

Sale of investment property

An unconditional sale contract for the Moorebank property for \$25M was entered into in March 2015. The purchaser has paid a non-refundable \$2.5M deposit directly to the Company. Settlement is due after 30 June 2015. As the contract is unconditional it is recorded as a sale in the year ended 30 June 2015 and shown as a receivable

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 three operating segments:

- The Bedshed retail bedding franchise operation;
- The operation of Consolidated Entity owned Bedshed stores in Western Australia, Victoria, New South Wales and Queensland; and
- The operation of retail kitchen stores

Refer to note 8 for a description of discontinued operations. 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 2015.

	<i>Continuing Operations</i>				<i>Discontinued Operations</i>			
	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Invest Prop / Joyce</i>	<i>Total</i>	<i>Store Closures</i>	<i>Invest Prop</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Year ended 30 June 2015								
Revenue								
Sales to external customers	4,591	8,801	21,306	39	34,737	2,159	754	37,650
Inter-segment sales	-	-	-	-	-	-	-	-
Total segment revenue	4,591	8,801	21,306	39	34,737	2,159	754	37,650
Unallocated revenue					97	-	-	97
Total consolidated revenue					34,834	2,159	754	37,747
Result								
Segment result	1,230	696	1,715	(1,352)	2,289	(95)	742	2,936
Unallocated expenses net of unallocated income	-	-	-	-	(1,334)	-	6,640	5,306
Unallocated share of net profit of associate					215	-	-	215
Profit before tax and finance costs					1,170	(95)	7,382	8,457
Unallocated finance costs					(262)	-	-	(262)
Profit before income tax					908	(95)	7,382	8,195
Income tax expense					(782)	-	(2,192)	(2,974)
Net Profit for the year					126	(95)	5,190	5,221
Assets and liabilities								
Segment assets	13,492	932	7,598	334	22,356	-	22,540	44,896
Unallocated assets					918	-	-	918
Total assets					23,274	-	22,540	45,814
Segment liabilities	2,329	939	5,385	5,577	14,230	-	1,048	15,278
Unallocated liabilities					4,086	-	-	4,086
Total liabilities					18,316	-	1,048	19,364
Other segment information								
Capital expenditure	10	313	361	-	684	-	-	684
Depreciation and amortisation	23	146	133	-	302	12	-	314
Other non-cash segment expenses / revaluation	-	-	-	-	-	-	-	-

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 2014.

	<i>Continuing Operations</i>				<i>Discontinued Operations</i>			
	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Invest Prop / Joyce</i>	<i>Total</i>	<i>Store Closures</i>	<i>Invest Prop</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Year ended 30 June 2014								
Revenue								
Sales to external customers	4,551	8,093	-	14	12,658	2,818	788	16,264
Inter-segment sales	-	-	-	-	-	-	-	-
Total segment revenue	4,551	8,093	-	14	12,658	2,818	788	16,264
Inter-segment elimination								
Unallocated revenue					129	-	-	129
Total consolidated revenue					12,787	3,606	788	16,393
Result								
Segment result	1,542	398	-	(1,377)	563	(50)	1,720	2,233
Unallocated expenses net of unallocated income	-	-	-	-	140	-	-	140
Share of net profit of associate					255	-	-	255
Profit before tax and finance costs					958	(50)	1,720	2,628
Finance costs					(341)	-	-	(341)
Profit before income tax					617	(50)	1,720	2,287
Income tax expense					(243)	-	(474)	(717)
Net Profit (loss) for the year					374	(50)	1,246	1,570
Assets and liabilities								
Segment assets	11,633	2,207	-	2,820	16,660	363	17,315	34,338
Unallocated assets					2,280	-	-	2,280
Total assets					18,940	363	17,315	36,618
Segment liabilities	2,477	762	-	3,767	7,006	233	3,884	11,123
Unallocated liabilities					2,765	-	-	2,765
Total liabilities					9,771	233	3,884	13,888
Other segment information								
Capital expenditure	17	34	-	-	51	-	-	51
Depreciation and amortisation	10	132	-	-	142	12	-	154
Other non-cash segment expenses / revaluation	-	-	-	-	949	-	949	949

(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 2015 (2014: None).

6. REVENUE, INCOME AND EXPENSES

(a) Revenue, Income and Expenses from Continuing Operations

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
<i>Revenue</i>		
Sale of goods	30,680	8,654
Provision of services	4,057	4,003
Total revenue	<u>34,737</u>	<u>14,832</u>
<i>Other income</i>		
Interest received	97	129
Profit on disposal of assets	-	10
Other	-	1
Total other income	<u>97</u>	<u>140</u>
<i>Finance costs</i>		
Bank loans and overdrafts	(259)	(334)
Finance charges payable under finance leases and hire purchase contracts	(3)	(7)
Total finance costs	<u>(262)</u>	<u>(341)</u>

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

Included in expenses:		
Depreciation and amortisation	(315) ¹	(154) ¹
Impairment of goodwill	(1,375)	(150)

¹ Includes depreciation for continued and discontinued operations.

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

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Minimum lease payments - operating lease	<u>2,325</u>	<u>2,770</u>

(c) Employee benefits expense – continuing operations

Management bonus (admin)	197	289
Wages and salaries (admin costs)	5,216	2,577
Wages and salaries (included in distribution costs)	380	465
Defined contribution superannuation expense	673	296
Superannuation (included within distribution costs)	35	36
Other employee benefits expense (admin)	634	229
Other (included within distribution costs)	72	49
	<u>7,207</u>	<u>3,941</u>

7. INCOME TAX

The major components of income tax expense for the year ended 30 June 2015 are:

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Consolidated Statement of comprehensive income – continuing operations		
<i>Current Income tax</i>		
Current income tax expense	836	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(1,661)	(239)
Utilisation of unused tax losses	52	
Expense/(over) provision in respect of prior years	(9)	4
Income tax (expense)/benefit relating to continuing operations	<u>(782)</u>	<u>(243)</u>
Consolidated Statement of Profit or loss and Other Comprehensive Income – discontinued operations		
Income tax (expense)/benefit relating to discontinued operations	<u>(2,192)</u>	<u>(474)</u>
Income tax (expense)/benefit relating to overall operations	<u><u>(2,974)</u></u>	<u><u>(717)</u></u>

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 2015 and 30 June 2014 is as follows:

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Profit before income tax	<u>908</u>	<u>617</u>
Income tax (expense)/benefit calculated at the statutory income tax rate of 30% (2014: 30%)	(272)	(185)
Expenditure not allowable for income tax purposes	(141)	(62)
Impairment of stores not allowable for income tax purposes	(412)	-
Deferred tax asset losses not previously brought to account, now brought to account	52	-
Under provision in respect of prior years	(9)	4
	<u>(782)</u>	<u>(243)</u>
Income tax (expense)/benefit recognised in profit or loss – continuing operations	<u><u>(782)</u></u>	<u><u>(243)</u></u>

7. INCOME TAX (CONTINUED)

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 continue 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 2015 (2014: Nil).

7. INCOME TAX (CONTINUED)

Deferred income tax

Deferred income tax at 30 June 2015 relates to the following:

	Opening balance	Charged to income	Recognised in Business Combination	Closing balance, 30 June 15
	\$000	\$000	\$000	\$000
Deferred tax liabilities				
Investment property	(2,425)	2,425	-	-
Fair value gain	(260)	-	-	(260)
Other	(80)	(28)	51	(57)
Balance at 30 June 2015	(2,765)	2,397	51	(317)
Deferred tax assets				
	\$000	\$000	\$000	\$000
Plant and equipment	74	(3)	65	136
Trade and other receivables	1	11	-	12
Pensions and other employer obligations	128	100	125	353
Provisions	183	52	49	284
Other	279	(146)	-	133
Unused tax losses	1,615	(1,615)	-	-
Balance at 30 June 2015	2,280	(1,601)	239	918

The Consolidated Entity has deferred tax assets and liabilities of \$Nil (2014: \$Nil) which were not brought to account.

7. INCOME TAX (CONTINUED)

Deferred income tax at 30 June 2014 relates to the following:

	Opening balance	Charged to income	Closing balance, 30 June 14
	\$000	\$000	\$000
Deferred tax liabilities			
Investment property	(2,130)	(295)	(2,425)
Fair value gain	(260)	-	(260)
Other	(9)	(71)	(80)
Balance at 30 June 2014	(2,399)	(366)	(2,765)
Deferred tax assets			
	\$000	\$000	\$000
Plant and equipment	55	19	74
Trade and other receivables	5	(4)	1
Pensions and other employer obligations	91	37	128
Provisions	347	(164)	183
Other	345	(66)	279
Unused tax losses	1,786	(171)	1,615
Balance at 30 June 2014	2,629	(349)	2,280

8. DISCONTINUED OPERATIONS

(a) Closure of Company owned store

A store in Queensland came to the end of a lease. The profit performance including all closure costs resulted in a \$95k loss during the year.

Subsequently a franchise store commenced within the locality of the closed store.

(b) Investment property sale

The investment property was contracted for unconditional sale in March 2015. As this business will cease from 30 September 2015 the operation has been included as a discontinuing operation.

(c) Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. all the stores committed to the closure) included in the statement of profit or loss and other comprehensive income are set out below.

Profit/(loss) for the year from discontinued operations

	2015			2014		
	Stores	Property	Total	Stores	Property	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	1,807	-	1,807	2,399	-	2,399
Cost of sales	(1091)	-	(1,091)	(1,451)	-	(1,451)
Gross profit	716	-	716	948	-	948
Other income	352	753	1,105	419	788	1,207
Sale of Investment Property	-	6,640	6,640	-	-	-
Revaluation of Investment Property	-	-	-	-	949	949
Expenses	(1,163)	(11)	(1,174)	(1,417)	(17)	(1,434)
Profit from discontinued operations before tax	(95)	7,382	7,287	(50)	1,720	1,670
Attributable income tax benefit	-	(2,192)	(2,192)	-	(474)	(474)
	(95)	5,190	5,095	(50)	1,246	1,196
Other comprehensive income	-	-	-	-	-	-
Profit/(loss) for the year from discontinued operations (attributable to owners of Joyce Corporation Ltd)	(95)	5,190	5,095	(50)	1,246	1,196

Cash flows from discontinued operations

	2015	2014
	\$000	\$000
Net cash flows from operating activities	(76)	(38)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net cash flows	(76)	(38)

9. 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:

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Net profit/(loss) attributable to equity holders from continuing operations for basic earnings per share	126	374
Effect of dilutive equity instruments	-	-
Net profit attributable to equity holders from continuing operations for diluted earnings per share	126	374
Profit/(loss) attributable to equity holders from discontinued operations	5,095	1,196
Profit for year	5,221	1,570
Non-controlling interests	(749)	-
Net profit attributable to ordinary shareholders for basic earnings per share	4,472	1,570
Effect of dilutive equity instruments	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share	4,472	1,570
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for basic earnings per share including partly paid	27,968,255	27,968,255
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 \$1.523) (2014:\$1.432) 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.

10. CASH AND CASH EQUIVALENTS

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

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Cash at bank and in hand (a)	5,962	816
	<u>5,962</u>	<u>816</u>

(a) Amounts held in trust for the Bedshed Approved Purposes funds

Included within the cash and cash equivalents balance are funds allocated for the specific use of operating the Approved Purposes Fund activities on behalf of the Company's franchisees.

At 30 June 2015 the total of this balance of the Bedshed Approved Purposes fund was \$1,252,349 (30 June 2014: \$1,483,138) and the bank account holding these funds are excluded from and released from the registered charges and claims of Joyce Corporation Ltd bankers, St. George Bank.

The fund has a net balance that is taken up as commitment in the current liabilities of \$1.35M.

11. TRADE AND OTHER RECEIVABLES

Current

Trade receivables*	616	419
Allowance for impairment loss (a)	(39)	(3)
	<u>577</u>	<u>416</u>

Non-current

Trade receivables	21	21
Other receivables	537	314
	<u>558</u>	<u>335</u>

(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 \$39k (2014: \$3k) has been recognised by the Consolidated Entity.

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*
		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
2015	Consolidated	616	419	119	18	-	21	39
2014	Consolidated	419	270	90	13	-	43	3

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

Receivables past due but not considered impaired are: Consolidated Entity: \$39,500 (2013: \$56,066). 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.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Opening balance at 1 July	3	41
Charge for the year	36	-
Amounts written-off	-	(38)
Closing balance at 30 June	39	3

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Consolidated Entity's policy to transfer (on-sell) receivables to special purpose entities.

(c) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

12. INVENTORIES

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Current		
Stock on hand at cost	2,325	2,208
Provision for impairment (a)	(140)	(100)
	2,185	2,108

(a) Provision for impairment

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to \$140,091 (2014: \$99,647). The reduction in provision has been written back to cost of goods sold as losses were realised.

Non-current

Stock on hand at cost	647	-
Provision for impairment (a)	(89)	-
	558	-

(a) Provision for impairment

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to \$89,592 (2014: Nil). The reduction in provision has been written back to cost of goods sold as losses were realised.

13. OTHER ASSETS

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Current		
Accrued revenue	52	35
Prepayments	183	87
Other receivables	22,655	110
	<u>22,890</u>	<u>232</u>

Other receivables include \$22,500 being the balance receivable on sale of the Moorebank investment property

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Current		
At 1 July	-	41
Plant and equipment additions	-	-
Disposals	-	(41)
At 30 June	<u>-</u>	<u>-</u>

15. OTHER FINANCIAL ASSETS

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Current		
Investment in convertible notes	-	400
Funds held in trust	1,252	1,483
Investments in listed shares at fair value through profit or loss	-	9
	<u>1,252</u>	<u>1,892</u>

16. PLANT AND EQUIPMENT

	CONSOLIDATED			
	<i>Leasehold improvements \$000</i>	<i>Plant and equipment \$000</i>	<i>Leased Plant and Equipment \$000</i>	<i>Total \$000</i>
Year ended 30 June 2014				
At 1 July 2013,				
Net of accumulated depreciation	245	357	10	612
Additions	4	48	-	52
Disposals	-	(5)	(8)	(13)
Transfer to assets held for sale	-	-	-	-
Transfers	-	-	-	-
Depreciation charge for the year	(57)	(95)	(2)	(154)
At 30 June 2014,				
Net of accumulated depreciation	192	305	-	497
At 30 June 2014				
Cost	284	1,164	-	1,448
Accumulated depreciation and impairment	(92)	(859)	-	(951)
Net carrying amount	192	305	-	497
Year ended 30 June 2015				
At 1 July 2014				
Net of accumulated depreciation	192	305	-	497
Acquired from business combination net of accumulated depreciation	460	118	-	578
Additions	422	138	-	560
Disposals	-	(26)	-	(26)
Depreciation charge for the year	(160)	(155)	-	(315)
At 30 June 2015				
Net of accumulated depreciation	914	380	-	1,294
At 30 June 2015				
Cost	1,154	1,374	-	2,528
Accumulated depreciation and impairment	(240)	(994)	-	(1,234)
Net carrying amount	914	380	-	1,294

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2015 is \$124,006 (2014: \$177,152). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

For assets pledged as collateral for the Consolidated Entity's banking facilities refer to note 20.

17. INVESTMENT PROPERTY

	CONSOLIDATED	
	2015 \$000	2014 \$000
Year ended 30 June		
Balance at 1 July	17,315	16,283
Additions	-	83
Disposal	(17,315)	-
Fair value adjustments	-	949
Balance at 30 June	-	17,315

The investment property was contracted for sale in March 2015 unconditionally with a settlement date of 30 September 2015.

18. INTANGIBLE ASSETS

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Goodwill (a)	9,620	9,972
	<u>9,620</u>	<u>9,972</u>

An analysis of intangible assets is presented below:

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Year ended 30 June 2015		
At 1 July 2014		
net of accumulated impairment	9,972	10,122
Acquired goodwill from business combination	1,023	-
Impairment	(1,375)	(150)
	<u>9,620</u>	<u>9,972</u>
At 30 June 2015,		
net of accumulated impairment	<u>9,620</u>	<u>9,972</u>
At 1 July 2014		
Cost (gross carrying amount)	10,569	10,569
Accumulated impairment	(597)	(347)
Net carrying amount	<u>9,972</u>	<u>10,222</u>
At 30 June 2015		
Cost (gross carrying amount)	10,995	10,569
Accumulated impairment	(1,375)	(597)
Net carrying amount	<u>9,620</u>	<u>9,972</u>

(a) Goodwill

Intangible assets as at 30 June 2015 reflects the value of the Bedshed activities for the Bedshed Joondalup store which was purchased in May 2007, the Bedshed Claremont store that was purchased in October 2008, the remaining 51% of Bedshed Franchising Pty Ltd purchased in 2006 and the 57% interest in KWB Group purchased 31 October 2014.

(b) Impairment Disclosures

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

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Bedshed Franchising segment	6,307	6,307
Bedshed Stores segment	2,290	3,665
Kitchen Stores segment	1,023	-
Total	<u>9,620</u>	<u>9,972</u>

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 2014/15 and 2015/16 financial years extrapolated using estimated growth rates. The cash flows are discounted using risk-adjusted pre-tax discount rates.

18. INTANGIBLE ASSETS (CONTINUED)

(b) Impairment Disclosures (continued)

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

	Pre –tax Discount Rate	Sales Growth Rate	Expense Growth Rate
Bedshed Franchising segment	11%	3%	3-5%
Bedshed Stores segment	11%	3-5%	3-5%

The Consolidated Entity's value-in-use calculations incorporated a terminal value component beyond the 5 year projection period for both the Bedshed Franchising and Bedshed Stores operating segments. The principal assumption used to estimate the terminal value of each operating segment was a multiple of one times earnings before interest, taxation, depreciation and amortisation for the year ended 30 June 2016 budget discounted at a rate of 11% per annum.

Impairment of Goodwill for the year ended 30 June 2015 was \$1,375,000 (2014: \$150,000), 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 \$356,000.
- 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 \$26,000.

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015 \$000	2014 \$000
Current		
<i>Unsecured liabilities</i>		
Trade payables	1,748	534
Accruals and other payables	5,673	1,408
Amounts held in trust for Bedshed marketing and other funds (a)	1,350	1,522
	<u>8,771</u>	<u>3,464</u>

(a) Amounts held in trust for Bedshed marketing and other funds

Included within the cash and cash equivalents 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. Refer to note 10 for further information.

(b) Risk exposure

Information about the Consolidated Entity's exposure to foreign exchange risk is provided in note 3.

20. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowings are comprised of the following:

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Current		
Finance leases	22	52
Shareholders Loan	-	50
Bank overdrafts – secured (a)	-	-
	<u>22</u>	<u>102</u>
Non-current		
<i>Secured liabilities</i>		
Finance leases	-	23
Bank loans – secured (b)	5,300	6,900
Convertible Notes	-	-
	<u>5,300</u>	<u>6,923</u>
	<u>5,322</u>	<u>7,025</u>

(a) Bank overdraft - secured

The overdraft facility attracts interest at variable interest rates plus a line fee is renewed annually. The loan is drawn to nil at 30 June 2015 with \$400,000 undrawn (2014: \$486,669). The overdraft facility was reduced late in the financial year and transferred to the longer term Commercial bill facility.

(b) Bank loans - secured

The Commercial bill facility debt attracts interest at a variable interest rate and has a term which expires on 30 June 2019. The outstanding is \$5,300,000 (2014: \$6,900,000) with \$3,100,000 undrawn at 30 June 2015 (2014: \$400,000).

(c) Collateral provided

The available St George bank multi option overdraft and guarantee facility is \$1,240,000 (2014: \$1,340,000). The unused cash facility at 30 June 2015 is \$400,000 (2014: \$468,000) with as cash and cash equivalents held of \$5,962,000. Further details on the facility are provided in note 3. There is first registered real property mortgage over the investment property owned by the Consolidated Entity, together with a fixed and floating charge over the Consolidated Entity assets and cross guarantees from operating subsidiaries as security over the facility. On settlement of the investment property the commercial bill facility is likely to be repaid in full.

	CONSOLIDATED	
	2015	2014
	\$000	\$000
The carrying amounts of non-current assets pledged as security are:		
Freehold land and buildings	-	17,315
Other current receivables	8,540	-
Plant and equipment	1,294	497
	<u>9,834</u>	<u>17,812</u>

20. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

(e) Debt covenants

The covenants with St George bank includes:

- an interest rate cover ratio of a minimum of 2.00 times where the cover is earnings before interest, tax, depreciation, amortisation divided by interest charged.
- a gearing ratio of a maximum of 2.0 times where gearing is Total Liabilities divided by Total Equity; and
- a limit on dividend payments made where these cannot be greater than 60% of net profit before interest, tax, depreciation, amortisation and abnormal or one off transactions.

Lease liabilities are secured by the underlying leased assets.

Financial assets that have been pledged as part of the total collateral for the benefit of the bank debt are as follows:

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Cash and cash equivalents	5,962	816
Trade receivables	577	416
Other assets	22,500	-
	<u>29,039</u>	<u>1,232</u>

(f) Debt classification

There was no breach of the Company's interest cover and gearing ratio debt covenants at 30 June 2015. As a result, the Consolidated Entity's bank debt which is due on 30 June 2019 has been classified as non-current at 30 June 2015, in accordance with applicable accounting standards. A \$1,240,000 facility is available for issue of bank guarantees and overdraft. At the reporting date the overdraft component was \$400,000 with nil drawn.

(g) Risk exposure

Details of the Consolidated Entity's exposure to risks arising from current and non-current borrowings are set out in note 3.

(h) Fair values

The carrying amount of the Consolidated Entity's current and non-current borrowings approximate their fair value.

21. PROVISIONS

Provisions are comprised of the following:

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Current		
Employee benefits (a)	641	265
Sub-lease rental shortfall (b)	59	136
Store lease termination (c)	113	-
Total Current	813	401
Non-current		
Employee benefits (a)	359	161
Sub-lease rental shortfall (b)	10	69
Environmental testing (d)	3	3
Total Non-Current	372	233
	<u>1,185</u>	<u>634</u>

(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. The measurement and recognition criteria relating to employee benefits have been included in note 2 to this report.

(b) Provision for rental shortfall

A provision continues for the payment of rental shortfalls following the closure of a company owned store as at 30 June 2013 which continues to August 2016.

(c) Provision for store lease termination costs

At the 30 June 2015, the Consolidated Entity provisioned for the estimated cost of repairs and maintenance upon termination of store leases.

(d) 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.

21. PROVISIONS (CONTINUED)

	Sub-let Provision	Store Lease Termination	Employee Benefits	Other	Total
	\$000	\$000	\$000	\$000	\$000
Consolidated Group					
Opening balance at 1 July 2014	205	-	426	3	634
Additional provisions	-	29	599	-	628
Provisions acquired from business combination	-	84	418	-	502
Amounts used	(136)	-	(443)	-	(579)
Balance at 30 June 2015	69	113	1,000	3	1,185

22. CONTRIBUTED EQUITY

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

	<i>CONSOLIDATED</i>	
	2015	2014
	\$000	\$000
27,588,255 (2014: 27,588,255) Issued and fully paid ordinary shares	17,347	17,347
380,000 (2014: 380,000) Partly paid ordinary shares, issued at \$1.955 and paid to \$1.523 (2014: \$1.432) (a)	579	544
	17,926	17,891
<i>Movement in ordinary shares on issue</i>	<i>2015</i>	<i>2015</i>
	<i>Number</i>	<i>\$000</i>
At 1 July 2014	27,588,255	17,891
Issued shares:	-	-
Payment partly paid shares	-	35
At 30 June 2015	27,588,255	17,926

(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.

23. RESERVES

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Financial assets reserve	2,698	2,698
Asset revaluation reserve	-	2,623
Balance at 30 June	2,698	5,321
Asset revaluation reserve		
Opening Balance	2,698	2,698
Transfer to retained earnings upon sale of investment property	(2,698)	-
Balance at 30 June	-	2,698

24. CAPITAL AND LEASING COMMITMENTS

(a) Finance lease and hire purchase commitments

The Consolidated Entity has finance leases and hire purchase contracts for various items of plant and machinery, these leases have no terms of renewal or purchase options and escalation clauses.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	\$000	\$000	\$000	\$000
CONSOLIDATED				
Within one year	23	-	56	-
After one year but not more than five years	-	-	23	-
Total minimum lease payments	23	-	79	-
Less amounts representing finance charges	(1)	-	(4)	-
Present value of minimum lease payments	22	22	75	75

(b) Property lease receivable – Consolidated Entity as lessor

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Within one year	662	1,095
After one year but not more than five years	721	688
More than five years	45	-
	1,428	1,783

24. CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The property leases are non-cancellable leases expiring 2015 for a property New South Wales, with rent receivable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to be increased by CPI per annum and or in accordance with a formula linked to turnover of the lessee.

(c) Property lease payable – Consolidated Entity as lessee

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Within one year	3,415	2,206
After one year but not more than five years	10,014	4,302
More than five years	2,373	2,672
	<u>15,802</u>	<u>9,180</u>

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.

(d) Motor vehicle lease payable – Consolidated Entity as lessee

	CONSOLIDATED	
	2015	2014
	\$'000	\$'000
Within one year	11	11
After one year but not more than five years	-	-
More than five years	-	-
	<u>11</u>	<u>11</u>

Motor vehicle leases are non-cancellable leases for Consolidated Entity motor vehicles.

25. 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	186	186
Deposit	50	50
Non-current Borrowings		
Interest bearing loans & borrowings	5,322	5,322

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.

26. FAIR VALUE MEASUREMENT OF NON-FINANCIAL INSTRUMENTS

(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.

(ii) Valuation techniques used to determine level 3 fair values

The Consolidated Entity obtains independent valuations for its investment property at least every three years.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 June 2015 for recurring fair value measurements:

	Investment Property \$'000	Total \$'000
Opening balance 1 July 2014	17,315	-
Adoption of AASB 13	-	17,315
Disposals	(17,315)	(17,315)
Gains recognised in other income	-	-
Closing balance 30 June 2015	-	-

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement. See (ii) above for the valuation techniques adopted.

Description	Fair value at 30 June 2014 \$'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment property	17,315	Discount rate	10%	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	n/a	
		Capitalisation rate	9.25%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Expected vacancy rate	0%	
		Rental growth rate	4.12%	The higher the rental growth rate, the higher the fair value

27. CONTINGENT LIABILITIES

(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 \$826,589 (2014: \$871,330).

28. RELATED PARTY DISCLOSURES

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

	<i>Country of incorporation</i>	<i>% Equity interest</i>	
		<i>2015</i>	<i>2014</i>
Joyce Rural Pty Ltd	Australia	100	100
Bedding Investments Pty Ltd	Australia	100	100
Joyce Industries Pty Ltd	Australia	100	100
Furniture World Marketing Pty Ltd	Australia	100	100
Sierra Bedding Pty Ltd	Australia	100	100
Joyce Indpac Limited	Australia	100	100
Votrait No. 611 Pty Ltd	Australia	100	100
Bedshed Franchising Pty Ltd	Australia	100	100
Joyce International Pty Ltd	Australia	100	100
KWB Group Pty Ltd	Australia	57	32
Furniture World (HK) Pty Ltd	Hong Kong	50	50

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

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 2015.

(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 - \$205,112 (2014: \$201,495). As at year end the amount owing to this related party was \$19,437 (2014: \$9,825).

(iv) A receivable from Pynland Pty Ltd, a company owned by Dan Smetana, for \$26,131 owing to Joyce Corporation Ltd for amounts paid on behalf of Pynland Pty Ltd (2014: \$26,131).

(v) Key management personnel compensation

	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Short Term Benefits	1,557	978
Post Employment Benefits	113	92
Share Based Payment	-	-
	<u>1,670</u>	<u>1,070</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 17.

28. RELATED PARTY DISCLOSURES (CONTINUED)

(vi) Loans to key management personnel

At 30 June 2015 or at any time during the financial year there were no loans (2014: Nil) outstanding to specified directors and specified executives.

29. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company acquired 32% of KWB Group Pty Ltd as of February 2014 by converting \$500K of \$900K of two tranches of convertible notes. The second tranche of the convertible notes of \$400K was converted as of November 2014. Total equity in KWB Group Pty Ltd increased to 57%. The total profit reported by KWB Group Pty Ltd for the five months to 30 June 2014, after the first conversion, was \$796K of which 32% share represents \$255K. The total profit reported KWB Group Pty Ltd for the four months to 31 October 2014 was \$672K of which 32% share represents \$215K. KWB Group Pty Ltd has surplus carried forward tax losses to absorb the current year income tax expense.

From November 2014 KWB Group Pty Ltd has been accounted for as a subsidiary of Joyce Corporation Ltd.

Name of Entity	Place of Business/Country of Incorporation	% of Ownership Interest		Nature of Relationship	Measurement method	Quoted Fair Value		Carrying Amount	
		2015	2014			2015	2014	2015	2014
		%	%			\$'000	\$'000	\$'000	\$'000
KWB Group Pty Ltd	Australia	57	32	Associate**	Equity method	*n/a	*n/a	-	755
Total equity accounted investments								-	755

* Private entity – no quoted price available.

** Until 31 October 2014, from which KWB Group was treated as a subsidiary.

(i) Contingent liabilities in respect of associate

	2015 \$'000	2014 \$'000
Contingent liabilities - associate		
Share of contingent liabilities incurred jointly with other investors of the associate	-	-
Contingent liabilities relating to liabilities of the associate for which the company is severally liable	-	-
	-	-

29. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(ii) Summarised financial information for associate

The tables below provide summarised financial information for the associate which is material to the group. The information disclosed reflects the amounts presented in the financial statements of the former associate and not Joyce Corporation Ltd.

	KWB Group Pty Ltd 2015 \$'000	KWB Group Pty Ltd 2014 \$'000
Summarised statement of financial position		
Current assets	-	2,167
Non-current assets	-	1,866
Total assets	-	4,033
Current liabilities	-	4,211
Non-current liabilities	-	133
Total liabilities	-	4,344
Net assets	-	(311)
Reconciliation to carrying amounts		
Opening net assets 1 July 2013	-	(1,210)
Issued shares	-	500
Profit for the period	-	474
Dividends paid	-	(75)
Closing net assets	-	(311)
Group's share in %	-	32%
Group's share in \$	-	(100)

	KWB Group Pty Ltd 2015 \$'000	KWB Group Pty Ltd 2014 \$'000
Summarised statement of profit and loss and other comprehensive income		
Revenue	-	25,086
Profit from continuing operations	-	474
Profit for the period	-	474
Total comprehensive income	-	474

(iii) Movement in Investment in Associate

	2015 \$'000	2014 \$'000
Opening balance – 1 July 2014		-
32% equity interest on conversion of convertible note (tranche 1)	755	500
Fair value gain on acquisition*	12	-
25% equity interest on conversion of convertible note (tranche 2)	400	-
Dividends on 32% equity interest prior to 31 October 2014	(128)	-
Share of net profit of associate – 4 months to 31 October 2014	215	255
Closing balance – 31 October 2014	1,254	755

* On acquisition date, the Directors reviewed the existing interest in KWB at fair value. This resulted in a \$0.012m fair value gain, included within Administration Expenses in the Statement of Profit or Loss and Other Comprehensive Income.

From November 2014 KWB Group Pty Ltd has been accounted for as a subsidiary of Joyce Corporation Ltd.

30. EVENTS SUBSEQUENT TO REPORTING DATE

A franked dividend of 3 cents per share was declared on 27 August 2015 and payable 23 October 2015. A further special dividend of 5 cents per share fully franked will be paid subject to the settlement of the Moorebank property. The settlement date has been changed to 30 October 2015.

A contract to purchase a property for use by the Company allowing consolidation of a number of sites was made on 2 July 2015 for \$4M.

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.

31. AUDITORS' REMUNERATION

	<i>CONSOLIDATED</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Amounts received or due and receivable by the auditor's for:		
• an audit or review of the financial report of the Consolidated Entity	132	82
• other services in relation to the Parent Entity and any other entity in the Consolidated Entity		
(a) assurance related	-	-
	<u>132</u>	<u>82</u>

32. DIVIDENDS

<i>Distributions paid or payable</i>	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Interim unfranked ordinary dividend of 1.0 (2012: 1.5 cents) cents per share (Paid – 24 July 2013)	-	280
Final unfranked ordinary dividend of 2.0 (2013: 0.65) cents per share (Paid 21 November 2013)	-	559
Interim unfranked dividend of 1.5 (2013: 1.0) cents per share (Paid 31 July 2014)	420	420
Final unfranked ordinary dividend of 2.1 (2014: 2.0) cents per share (Paid 21 November 2014)	587	-
Prior year dividends paid on partly paid shares (Paid 01 March 2015)	11	-
Interim unfranked dividend of 2.5 (2014: 1.5) cents per share (Paid 31 March 2015)	699	-
	<u>1,717</u>	<u>1,259</u>

To date the directors have not declared the payment of a final dividend out of retained profits at 30 June 2015 and will continue to monitor performance and review resources and liquidity to determine when a dividend will be paid.

Dividends Paid	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Cash payments in relation to dividends paid in the financial year	<u>1,927</u>	<u>835</u>

33. 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	
	2015	2014
	\$000	\$000
Net profit after taxation	4,472	1,570
<i>Adjustments for:</i>		
Depreciation and amortisation	315	154
Interest receivable	11	-
Other income	(12)	-
Goodwill – tax effect	231	-
Non-controlling interest	511	-
Impairment of goodwill	1,375	150
Revaluations of investment properties	-	(949)
Net loss / (profit) on disposal of plant and equipment	56	(10)
(Profit) on disposal of investment property	(6,640)	-
Share of net profit of associate	(215)	(255)
<i>Changes in assets and liabilities</i>		
(increase)/decrease in inventories	121	(148)
(increase)/decrease in trade and other receivables	6	62
(increase)/decrease in other assets	689	79
(increase)/decrease in net deferred tax assets and liabilities	2,683	715
(decrease)/increase in trade and other payables	697	(192)
(decrease)/increase in provisions	(132)	(659)
Net cash flows used in operating activities	4,168	517

34. NON-CASH INVESTING AND FINANCING ACTIVITIES

	CONSOLIDATED	
	2015	2014
	\$000	\$000
Contributed equity – partly paid shares	23	12
	23	12

35. PARENT ENTITY DISCLOSURES

a. Financial position

	<i>As at 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Assets		
Current assets	375	169
Non-current assets	22,203	22,676
Total assets	22,578	22,845
Liabilities		
Current liabilities	4,023	692
Non-current liabilities	5,323	6,960
Total liabilities	9,346	7,652
Net Assets	13,232	15,193
Equity		
Issued capital	17,926	17,891
Retained earnings	(4,694)	(2,698)
Net Equity	13,232	15,193

b. Financial performance

	<i>Year ended 30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
Profit/(Loss) for the year	(699)	(980)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(699)	(980)

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

No such guarantees existed at 30 June 2015, other than security arrangement with St George Bank in respect of interest bearing liabilities discussed in note 20.

d. Contingent liabilities of the parent entity.

No contingent liabilities existed within the parent entity as at 30 June 2015 (30 June 2014: Nil).

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

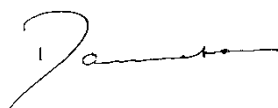
Commitments for the acquisition of property plant and equipment by the parent entity existed as at 30 June 2015 for the value of \$Nil (30 June 2014: Nil).

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
 - (ii) give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2015 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, 30 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Joyce Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Joyce Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Joyce Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Joyce Corporation Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth, 30 September 2015

ASX ADDITIONAL INFORMATION

AS AT 28 SEPTEMBER 2015

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 28 September 2015	Holders	Fully Paid Ordinary Shares	%
1 - 1,000	207	66,863	0.25
1,001 – 5,000	169	415,851	1.51
5,001 - 10,000	61	492,011	1.78
10,001 – 100,000	141	5,247,159	19.02
100,001 – and over	33	21,363,371	77.44
Total	611	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* (including partly paid)	10,829,326	38.7
2. John Roy Westwood	2,350,000	8.4
Total	13,179,326	47.1

* Mr Smetana has beneficial interest in 9,850,696 fully-paid ordinary shares (2014: 9,850,696) 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 28 September 2015

(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 <ADAMIC SUPERFUND A/C>	7,711,568	27.95
2. UFBA PTY LTD	2,328,000	8.44
3. PEDUNCLE PTY LTD	1,948,312	7.06
4. SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	1,373,803	4.98
5. MCNEIL NOMINEES PTY LIMITED	1,000,000	3.62
6. MR DONALD TEO	990,000	3.59
7. MR DANIEL ALEXANDER SMETANA	563,726	2.04
8. STARBALL PTY LTD	430,029	1.56
9. TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	425,291	1.54
10. MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	419,000	1.52
11. MR DAN SMETANA	354,022	1.28
12. CONARD HOLDINGS PTY LTD	347,940	1.26
13. BT PORTFOLIO SERVICES LIMITED <YAZAD SUPER FUND A/C>	324,700	1.18
14. P B L INVESTMENTS PTY LTD	270,203	0.98
15. ASB NOMINEES LIMITED <208357 - ML A/C>	248,120	0.90
16. EPIC TRUSTEES LIMITED	220,245	0.80
17. BELLPAM PTY LIMITED <P MEINHARDT PENSION FUND A/C>	207,500	0.75
18. JET INVEST PTY LTD <R & L INVESTMENT A/C>	188,364	0.68
19. MAST FINANCIAL PTY LTD <A TO Z INVESTMENT A/C>	175,000	0.63
20. MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	167,456	0.61
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	19,693,279	71.38
Total Remaining Holders Balance	7,894.976	28.62

(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 25 SEPTEMBER 2015

(f) Company Secretary

Mr Keith Gray

(g) Registered Office

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AUSTRALIA, 6017

Tel: +61 8 9445 1055

(h) Share Registry

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Perth, WA 6000

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