

Executive Director's address to AGM

24/11/15

Thank you Dan for the intro.

Like our Chairman said this is a momentous occasion in the recent history of the group.

The year just past saw us complete a few strategic milestones that we set out to do a few year's ago with a vision and determination to restructure the group.

Firstly, with the sale of our large industrial Moorebank Property negotiated. The sale was for \$25 million. The Settlement, as mentioned occurred today. strong position to be in. The Company is now cashed up and ready to invest in appropriate business growth opportunities.

Secondly, with the partnering and full integration of the business unit KWB Group Pty Ltd, which is the owner of the iconic Kitchen Connection and Wallspan retail kitchen and wardrobe businesses.

KWB's normalised earnings growth in triple- digits of 302% up L4L, spurred on by the strategic investment in the retail Kitchen showrooms, the additional depth in back end Customer Service Management and the expansion of the core product range. We expect that further significant improvements can be obtained in the year to come and additional revenue growth is already taking place.

The Group's revenue grew to \$34 million on a Consolidated basis but the group's current total network Revenue is in excess of \$125 million. This includes Franchise Retail Network and all Company stores in both Divisions. It is a significant sized group by any means.

The Bedshed business increased sales on a L4L basis, a solid result in the current retail environment. Stores retrofitted with the new "Evolution" fit out have seen strong growth. The coming year will see additional Franchisees partners retrofit existing stores and the new store in Fyshwick ACT will open in the evolution fit out. Feedback from customers is outstanding as they enjoy the new shopping experience.

Bedshed has reviewed its advertising and promotional program for franchise recruitment and is seeing strong levels of interest.

The Company also invested for its future with the acquisition of a 4,047 sq metre property in the highly sought after Osborne Park, Perth suburb. This property will eliminate future warehouse and Central Head office rent expense payments. We can confirm a Development Application has now been lodged with Council recently and if this is approved it will likely see significant gains in valuation in the coming year subject to stable market conditions continuing.

The decision to invest in this Perth property underpins the company in the future but more importantly better utilises funds that otherwise would be tied up in bank bond guarantees on retail store premises leases.

Currently steps are taken to negotiate additional leases in new centres yet to be constructed that will assist the strategic growth in KWB and in Bedshed.

The Company now seeks additional growth through acquisition of like businesses that will add to our footprint and secure synergies.

I would like to thank and congratulate the board and management, our CFO Mr Keith Gray, the Bedshed GM Gavin Culmsee along with all our team. Also Mr John Bourke the KWB group MD along with Mr Chris Palin the Finance Director of KWB group, for an outstanding year.

Thank you Dan and our shareholders for sharing in our Vision to see Joyce Corporation partner effectively and grow with additional business opportunities producing above average growth in earnings each year.

I am sure I speak for all in saying it is a very existing time to be associated with the team at Joyce Corporation.

Anthony Mankarios