

JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4E

Preliminary Final Report For the year ended 30 June, 2016

APPENDIX 4E

Results for Announcement to the Market

JOYCE CORPORATION LTD
FOR THE YEAR ENDED 30 June 2016

Name of Entity:	Joyce Corporation Ltd	
ABN:	80 009 116 269	
1. Details of the current and prior reporting period		
Current Period:	1 July 2015 to 30 June 2016	
Prior Period:	1 July 2014 to 30 June 2015	
2. Results for announcement to the market		
		\$A'000
2.1 Revenues from ordinary activities (excludes property revaluations) Total Revenue Refer to Results Highlights	Up 62.8% to	\$56,544
2.2 Profit from ordinary activities after tax Total profit to ordinary equity holders *note discontinued operations in 2015 was \$5.09 million	Down 23.7% to *Down 48.5% to	\$3,981 \$2,301
2.3 Profit from continuing activities before tax.	UP 482% to	\$5,280
2.4 Dividend distributions	Amount per security	Franked amount per security
Dividend declared payable	Ordinary Dividend 3.0 cents Special dividend 3.0 cents	100% 100%
No conduit foreign income		
Previous corresponding period	Refer Note 2	
2.5 Record date for determining entitlements to the dividend payable 18 November 2016	Record date for dividend of 28 October 2016	
2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Refer Note 2	
3. Consolidated Statement of Profit or Loss and Other Comprehensive Income	Refer attached	

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4. Consolidated Statement of Financial Position	Refer attached	
5. Consolidated Statement of Cash Flows	Refer attached	
6. Details of Dividends or Distributions	Refer Note 2	
	Amount per security	Franked amount per security
7. Details of dividend reinvestment plan	The Company's dividend reinvestment plan is currently suspended.	
8. Statement of Retained earnings showing movements	Refer attached	
	Current Period	Previous Corresponding Period
9. Net tangible asset backing per ordinary security (Undiluted)	\$0.56	\$0.61
Net asset backing per ordinary security (Undiluted)	\$0.91	\$0.94
10. Control Gained over entities during the period	none	
10.1 Name of entity		
10.2 The date of the gain or loss of control		
10.3 Where material, the contribution of above entities to the consolidated result.		
11 Details of associates and joint venture entities	N/A	
12. Other Significant Information		
The investment property in New South Wales was sold and settled in November 2015. All bank covenants were met during the year and at year end. All bank debt that has more than one year to maturity has been classified as non- current debt.		
13. Accounting Standards used by foreign entities	N/A	

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14. Commentary on the result for the period		
14.1 Earnings per share overall operations (undiluted) after tax	2016 – 8.3 cents	2015 –16.2 cents
Earnings per share for continuing business after tax (diluted)	2016 – 12.4 cents	2015 – 0.5 cents
14.2 Distributions to Shareholders	Refer Note 2	
14.3 Significant features of operating performance	Refer attached	
14.4 Segment Results	Refer attached	
15. Status of audit or review	This report is based on accounts that are in the process of being audited.	
16. Dispute or qualification – accounts not yet audited	N/A	
17. Qualifications of audit / review	N/A	

RESULTS HIGHLIGHTS FOR YEAR ENDED 30 JUNE 2016 AND APPENDIX 4E

Please find attached the Preliminary Final Report (Appendix 4E) for Joyce Corporation Ltd. ("Joyce" or "the Company") (ASX: JYC) for the financial year ended 30 June 2016.

Director's Operational Review

The Company announced a statutory profit for the year after tax attributable to members of \$2.3M compared to \$4.47M to 30th June 2015. The comparative year 2015 results included gains on the Moorebank Property sale and provisions with total one-off gain of \$5.09M. The year compared favourably on a continuing business profit after tax basis of \$3.46M in 2016 up from \$126,000 in 2015.

Bedshed Franchising & Company Stores ("Bedshed")

This cash flow generating business unit managed to improve the underlying like for like earnings on the previous year. Total network written sales maintained modest growth on a like for like basis in a challenging bulky goods retail environment. During the year two franchise stores in Queensland were converted to company owned stores with an increase in revenue and profit for stores and a corresponding decrease in Bedshed franchising revenue and profit.

The Bedshed company owned stores traded up on last year and earnings growth was also up in strong double-digit growth. The Company stores increased in numbers to 5 stores with 2 in WA and 3 in QLD.

Bedshed has added new Franchise stores in the ACT and in Queensland and new stores are planned in 2017.

We have also fast tracked the new "evolution" fit-out program with 4 more stores completed in this year; additional Franchise stores have committed to completing this program in 2017.

KWB Group Pty Ltd ("KWB")

Kitchen Connection and Wallspan kitchen and wardrobes' retail showrooms were upgraded during the period and additional showrooms opened. The KWB stores have been fully upgraded to produce an inspiring contemporary complete kitchen showroom experience for our customers. KWB currently operates in QLD, NSW and SA with 13 stores. The focus has been on exemplary customer service and delivery of Kitchens at the highest standards in Australia.

The business grew strongly, with sales revenue up by 29% in 2016.

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 franked cash dividend during this period.

KWB has signed up two new leases for 2017 and is working on additional opportunities. The focus now is on additional new showrooms and the introduction of new lines and benefits to our customers.

The business is currently trading within expectations and profit growth targets.

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Future Outlook

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

The Sale of the Moorebank Property in 2015/16 for \$25M has provided the group with the necessary wherewithal to continue to grow and take on additional opportunities in 2017. The fast growing Lloyds Online Auction business opportunity and the acquisition of our corporate central offices and warehouses in Osborne Park WA will see additional lifts in earnings before interest and tax (EBIT) during the next twelve- month period. The Company currently has no bank debt. The opportunity to leverage a strong balance sheet will provide further growth opportunities into the near term.

The Company's prospects are positive given the growth in overall business unit performances. The Company plans to introduce additional Bedshed Franchise stores and will focus on achieving accelerated growth in this area.

The Company has achieved successful earnings and cash flow development with its related subsidiary 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 are now fully franked. This will aid the Group to lift franked dividends to shareholders in the near future.

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 footprint into the premium "do it for me" and business to consumer " b2c" markets will grow consistently in the coming years.

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

After Balance Date Events

Joyce has announced that it has purchased 51% of the equity in the business of Lloyds Online Auctions Pty Ltd business on 1 July 2016. The equity was purchased for \$6 M including costs, it includes the onsite auction and valuation businesses.

The business is expected to generate Auction Sales of over \$50M and is expected to exceed earnings before income tax, depreciation and amortisation (EBITDA) of \$3M in 2017. The business is currently very profitable and trading well to August 2016. This is expected to add over \$10M to Joyce's consolidated 2017 revenue.

The founder and CEO Andrew Webber has built the business on personal relationships and achieving high asset sales on a consistent basis. Mr Webber is now part of the group and will stay to continue to grow this business moving forward.

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Rounding of Amounts

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

This report is signed in accordance with a resolution of the Board of Directors

Mr A. Mankarios
Executive Director
Joyce Corporation Ltd
Mobile 0438 553 403

Mr D Smetana
Chairman
Joyce Corporation Ltd
Mobile 0417 842 781

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Consolidated 2016 \$'000	2015 \$'000
Continuing Operations			
Revenue		56,544	34,737
Cost of sales		(30,812)	(17,478)
Gross profit		25,732	17,259
Other income		224	97
Share of net profit of Associate		0	215
Administration expenses		(14,169)	(10,492)
Distribution expenses		(755)	(850)
Marketing expenses		(2,046)	(1,273)
Occupancy expenses		(3,448)	(2,366)
Finance Costs		(90)	(262)
Impairment of goodwill		(120)	(1,375)
Other expenses		(48)	(45)
Profit from continuing operations before income tax		5,280	908
Income tax expense relating to ordinary activities		(1,819)	(782)
Profit from continuing operations after tax		3,461	126
Discontinued Operations			
Profit and provisions for the year from discontinuing operations	1	520	5,095
Profit for the year		3,981	5,221
Profit is attributable to :			
Ordinary equity holders of the company		2,301	4,472
Non-controlling interests		1,680	749
Total comprehensive income for the period		3,981	5,221
Earnings per share for profit attributable to ordinary shareholders			
Overall Operations			
Basic earnings per share (cents per share) after tax		8.3	16.2
Dilutive earnings per share (cents per share) after tax		8.2	16.0
Continuing Operations			
Basic earnings per share (cents per share) after tax		12.5	0.5
Dilutive earnings per share (cents per share) after tax		12.4	0.5

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		Consolidated	
		30.06.2016	30.06.2015
		\$'000	\$'000
ASSETS	Note		
Current Assets			
Cash and cash equivalents		15,249	5,962
Trade and other receivables		439	577
Inventories		3,643	2,185
Other assets		294	22,890
Other financial assets		850	1,252
Total Current Assets		20,475	32,866
Non-Current Assets			
Trade and other receivables		616	558
Property, plant and equipment		6,243	1,294
Inventories		546	558
Deferred tax asset		1,110	918
Intangible assets		9,500	9,620
Total Non-Current Assets		18,015	12,948
TOTAL ASSETS		38,490	45,814
LIABILITIES			
Current Liabilities			
Trade & other payables		8,744	8,771
Interest-bearing loans and borrowings	6	-	22
Provisions		1,502	814
Provision income tax		1,477	3,769
Total Current Liabilities		11,723	13,376
Non-Current Liabilities			
Interest-bearing loans and borrowings	6	-	5,300
Deferred tax liabilities		317	317
Provisions		460	371
Total Non-Current Liabilities		777	5,988
TOTAL LIABILITIES		12,500	19,364
NET ASSETS		25,990	26,450

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Consolidated	
	30.06.2016	30.06.2015
	\$'000	\$'000
EQUITY		
Issued capital	17,975	17,926
Reserves	2,699	2,699
Non controlling interest	1,026	511
Retained earnings/(Accumulated losses)	4,290	5,314
TOTAL EQUITY	25,990	26,450

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

		Contributed Equity	Reserves	Retained Earnings / (Accumulated Losses)	Non- controlling Interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	Note	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		-	-	4,492	-	4,492
Profit attributable to non-controlling interests		-	-	-	729	729
Subtotal		17,891	2,699	6,632	-	27,951
Payment partly paid shares		35	-	(11)	-	24
Dividends paid or provided for	2	-	-	(1,287)	(238)	(1,525)
Balance at 30 June 2015		17,926	2,699	5,334	491	26,450
Balance at 1 July 2015		17,926	2,699	5,334	491	26,450
Transfers to and from retained earnings		-	-	-	-	-
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	2,301	-	2,301
Profit attributable to non-controlling interests		-	-	-	1,680	1,680
Subtotal		17,926	2,699	7,635	2,171	30,431
Payment partly paid shares		49	-	-	-	49
Share base payment		-	-	-	106	106
Income Tax paid		-	-	291	(291)	-
Dividends paid or provided for	2	-	-	(3,636)	(960)	(4,596)
Balance at 30 June 2016		17,975	2,699	4,290	1,026	25,990

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		63,524	42,195
Interest received		509	86
Payments to suppliers and employees		(59,207)	(37,714)
Borrowing costs		(90)	(262)
		-	-
Operating Net Cash flow		4,736	4,305
Income tax paid		(3,775)	-
Store closure costs		(59)	(137)
Net cash provided by /(used in) operating activities		902	4,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		9	1
Proceeds from sale of other assets		22,500	2,508
Proceeds from security deposit		-	1,100
Secured loan		77	76
Purchase of non-current assets		(5,292)	(564)
Cash acquired from business combination, net of cash consideration		-	2,587
Net cash (used in) / provided by investing activities		17,294	5,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(5,322)	(2,803)
Dividends paid		(3,587)	(1,927)
Net cash (used in) financing activities		(8,909)	(4,730)
Net increase(decrease) in cash and cash equivalents		9,287	5,146
Cash and cash equivalents at beginning of year		5,962	816
Cash and cash equivalents at end of year		15,249	5,962

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE-YEAR ENDED 30 JUNE 2016

NOTE 1: DISCONTINUED OPERATIONS

During the year ended 30 June 2016 the Consolidated entity settled on the sale of the Moorebank investment property. The result of the discontinued operation included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is set out below. Includes the sale of land, buildings and all fixed assets. Refer further details note 3

Profit / (loss) for the year from discontinued operations

	2016			2015		
	Stores	Property	Total	Stores	Property	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	-	-	-	1,807	-	1,807
Cost of sales	-	-	-	(1,091)	-	(1,091)
Gross profit	-	-	-	716	-	716
Other income	329	592	921	352	753	1,105
Sale of Investment Property	-	-	-	-	6,640	6,640
Revaluation of Investment Property	-	-	-	-	-	-
Expenses	(329)	(7)	(336)	(1,163)	(11)	(1,174)
Profit from discontinued operations before tax	-	585	585	(95)	7,382	7,287
Attributable income tax benefit	-	(65)	(65)	-	(2,192)	(2,192)
	-	520	520	(95)	5,190	5,095
Other comprehensive income	-	-	-	-	-	-
Profit/(loss) for the year from discontinued operations (attributable to owners of Joyce Corporation Ltd)	-	520	520	(95)	5,190	5,095

NOTE 2: DIVIDENDS

Distributions paid or payable	2016	2015
	\$000	\$000
Interim unfranked dividend of 1.5 (2013:1.0) cents per share (Paid 31 July 2014)	-	420
Final unfranked ordinary dividend of 2.1 (2014: 2.0) cents per share (Paid 21 November 2014)	-	588
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
Final fully franked ordinary dividend of 3.0 (2015: 2.1) cents per share (Paid 23 October 2015)	839	-
Special fully franked dividend of 5.0 (2015:Nil) cents per share (Paid 16 December 2015)	1,399	-
Interim fully franked dividend of 3.0 (2015:2.5) cents per share (Paid 14 April 2016)	839	-
Special fully franked dividend of 2.0 (2015:Nil) cents per share (Paid 14 April 2016)	559	-
	3,636	1,718

NOTE 3: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The products sold and/or services provided by the segment;

The retail segments or product type;

The property and administration.

Types of products and services by segment

- *Franchising*
The operation of Bedshed retail bedding franchise operations
- *Investment Property/ Joyce*
The property in New South Wales is leased under a sale agreement.
- *Company owned stores*
The operation of Bedshed stores
- *The operation of Retail kitchen stores*

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE-YEAR ENDED 30 JUNE 2016

NOTE 3: OPERATING SEGMENTS

Unallocated items

Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives;
- net gains on disposal of available-for-sale
- impairment of assets and other non-recurring items;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities;
- intangible assets;
- discontinuing operations; and
- retirement benefit obligations.
- finance costs
- share of profit or loss of associate

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	<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 2016								
Revenue								
Sales to external customers	4,283	11,484	40,736	41	56,544	329	306	57,179
Inter-segment sales	-	-	-	-	-	-	-	-
Total segment revenue	4,283	11,484	40,736	41	56,544	329	306	57,179
Unallocated revenue					213	-	286	499
Total consolidated revenue					56,757	329	592	57,678
Result								
Segment result	1,183	804	4,800	(1,630)	5,157	-	299	5,456
Unallocated expenses net of unallocated income	-	-	-	-	213	-	286	499
Profit before tax and finance costs					5,370	-	585	5,955
Finance costs					(90)	-	-	(90)
Profit before income tax					5,280	-	585	5,865
Income tax expense					(1,819)	-	(65)	(1,884)
Net Profit for the year					3,461	-	520	3,981
Assets and liabilities								
Segment assets	12,756	1,866	11,142	11,616	37,380	-	-	37,380
Unallocated assets					1,110	-	-	1,110
Total assets					38,490	-	-	38,490
Segment liabilities	1,855	1,110	6,855	887	10,707	-	-	10,707
Unallocated liabilities					1,793	-	-	1,793
Total liabilities					12,500	-	-	12,500
Other segment information								
Capital expenditure	9	123	847	-	979	-	-	979
Depreciation and amortisation	11	192	230	-	433	-	-	433
Other non-cash segment expenses / revaluation	-	-	-	-	-	-	-	-

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	<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
Inter-segment elimination								
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
Profit before tax and finance costs					1,170	(95)	7,382	8,457
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	-	-	-	-	-	-	-	-

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NOTE 4: CONTINGENT ASSET AND LIABILITY

Environmental Contamination

As part of the ongoing testing of Joyce Corporation Ltd owned and previously owned sites, it was found that traces of a chemical used in the past by Joyce Foam Products was detected in the groundwater at the Moorebank property in New South Wales and Elizabeth in South Australia. The levels found were not high and were reported to the respective Departments of Environment and Conservation. An ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found. The expected cost to monitor the groundwater has been provisioned as has an allowance for potential remediation.

NOTE 5: Related Party and other Guarantees Provided by the Parent Entity

Joyce Corporation Ltd has provided via its related companies, guarantees to third parties by way of bank guarantees on Bedshed Company owned store leases. These guarantees will be required while the stores and warehouses are company operated and total \$1,082,991 at 30 June 2016. A corporate guarantee has been maintained, for the lease of a franchise holder, should Bedshed Franchising withdraw or cancel the Franchise agreement. The franchisee lease is in a strong location and it is viewed to have little downside.

NOTE 6: FINANCIAL LIABILITIES

Joyce Corporation Ltd has a term loan and an overdraft facility with St George Bank approved to after the current financial year and which was renewed in May 2016. After the repayment of all debt during the year the bill acceptance facility was renewed for \$1.24m and was approved to 30 June 2019 and is at variable interest rate with options to fix the interest rate. At year end the loan had a net undrawn balance of nil. An annual multi option facility was also extended in May 2016 with St George Bank for \$1.24m. The multi option facility is for bank guarantees and overdraft facility. Unused facility can be converted to overdraft as bank guarantees are returned. The overdraft component facility was \$150k which was not drawn at 30 June 2016 and subsequent to year end a guarantee of \$256k was returned which will transfer into overdraft.

There are no breaches of the facility covenants during the reporting period or as of the date of this report.