

**JOYCE CORPORATION LTD**  
**ABN 80 009 116 269**

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**Appendix 4D**

**Half year Report**  
**For the half year ended 31 December 2017**

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**APPENDIX 4D**

**Results for Announcement to the Market**

**JOYCE CORPORATION LTD  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2017 to 31 December 2017	
Prior Period:	1 July 2016 to 31 December 2016	
2. Results for announcement to the market		
	\$A'000	
2.1 Revenues from overall ordinary activities	Up 21.0% from \$39,147 to	\$47,369
2.2 Profit from continuing operations after tax	Up 5.2% from \$3,274 to	\$3,444
2.3 Net profit after tax for the period attributable to members for continuing business	Up 11.6% from \$1,570 to	\$1,752
2.4 Profit from continuing operations before tax attributable to members	Up 4.1% from \$2,411 to	\$2,510
2.5 Dividend distributions	Amount per security	Franked amount per security
Dividend paid 22 November 2017 (no CFI)	3.0 cents	3.0 cents
Special Dividend paid 22 November 2017 (no CFI)	3.0 cents	3.0 cents
Previous Corresponding Period		
Dividend paid 18 November 2016 (no CFI)	3.0 cents	3.0 cents
Special Dividend paid 18 November 2016 (no CFI)	3.0 cents	3.0 cents
2.6 Record date for determining entitlements to the dividend	N/A	
2.7 Explanation of any of the figures in 2.1 to 2.6 that may be required.	Revenue has been derived from company owned Bedshed stores, Bedshed Franchising, KWB Group Pty Ltd (51% owned) (kitchen and wardrobe sales) and Lloyds Online Auctions Pty Ltd (51% owned).	

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**Half Year Report**

3. Assets per share attributable to members	Prior at 30 June 2017	Current
Net tangible asset per share (diluted)	\$0.38	\$0.41
Net intangible assets per share (diluted)	\$0.51	\$0.48
Total Net Assets per share (diluted)	\$0.89	\$0.89
4. Control gained or lost over entities during the period	N/A	
5. Details of Dividends or Distributions	The dividend policy is for a payout of 60% of net EBITDA excluding revaluations, annually subject to liquidity constraints	
Declared dividend	Interim dividend of 5 cents per share fully franked with no conduit foreign income	Fully franked with record date of 23 March 2018 and payment date 11 April 2018
6. Details of dividend reinvestment plan	The Company has a dividend reinvestment plan that is currently suspended. The plan provides that shareholders may elect to receive all or a portion of their dividend entitlements in the form of fully paid shares in the Company, issued at a discount (currently 2.5%) to market price and free of brokerage or any other costs	
7. Details of associates and joint venture entities	N/A	
8.For foreign entities, which set of accounting standards are used in compiling the report	N/A	
Audit/review of accounts upon which this report is based	This report has been based on a review of the accounts	
9. Accounts not yet audited or reviewed	Reviewed	
10. Qualifications of audit / Review	No Qualifications	

Joyce Corporation Ltd ABN 80 009 116 269  
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Half Year Report

**DIRECTORS' REPORT**

Your directors submit the financial report of the Consolidated entity for the half-year ended 31 December 2017.

**Directors**

The names of directors who held office during or since the end of the half year:

**Mr D A Smetana**

**Mr M A Gurry**

**Mr T R Hantke**

**Mr A Mankarios**

**Ms K Gadsby** – appointed 1 July 2017

**Review of operations**

The Company made a profit after tax attributable to members of \$1.75 million from comparable period ending December 2016 of \$1.57 million. The company made a consolidated underlying profit of \$6.4 million before tax and interest, excluding one-off significant transactions made up of \$1.363 million marketing and non-capitalised software development costs.

Continuing operations reported a profit after tax of \$3.44 million up from a profit of \$3.27 million for the comparative half year period in 2016.

The Company's consolidated revenue to 31 December 2017 grew to \$47.4 million, up 21% from the comparative period in 2016 of \$39.1 million.

The Cash Flows from Operating Activities in the Consolidated Statement of Cash flows was impacted by normal seasonal reductions in the level of activity towards the end of December and the Christmas shut down. The cash position positively increases in the second half of the year.

The Company's distinct operating units are:

Bedshed Franchising	(100% owned)
Bedshed Company owned stores	(100% owned)
Property	(100% owned)
KWB Group Pty Ltd.	(51% owned)
Lloyds Online Auctions Pty Ltd	(51% owned)

In brief, the operating units performed above expectations. The Bedshed Company owned store sales experienced growth for the period. The Bedshed Franchise business performed to management expectations and management has taken pro-active steps to grow our Franchise network with a new franchise commencing during the 2018 financial year, with further new franchises proposed in 2018/19.

The Company's 51% investment in KWB Group (kitchen and wardrobes retail business) continued to grow with KWB's revenue and profit growth in strong double-digit numbers on a like-for-like basis during this reporting period to 31 December 2017. KWB Property Holdings, a subsidiary of the KWB Group, revalued its wholly owned investment property during the period, recording a \$0.93 million gain.

The Company's 51% investment in Lloyds Online Auctions continued to grow revenue. Significant capital investments and marketing expenditure amounting to approximately \$1.32 million to further develop the brand in new markets, was undertaken in the current period.

**Joyce Corporation Ltd ABN 80 009 116 269  
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**Half Year Report**

**DIRECTORS' REPORT**

**After Reporting Date Events**

The Company declared a fully franked interim dividend of 5 cents per share. Record date is the 23 March 2018 and payment date 11 April 2018.

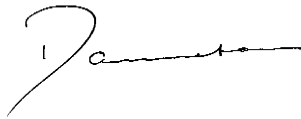
Lloyds Online Auctions announced the acquisition of 3 auction houses in Western New South Wales from the Macquarie Auction Group, effective 1 March 2018.

**Rounding of Amounts**

The Company 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.

**Auditor's Declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2017.

A handwritten signature in black ink, appearing to read 'D A Smetana', with a long horizontal flourish extending to the right.

D A Smetana

Chairman and Director

Dated at Perth this Day 26 of February 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Joyce Corporation Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Joyce Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Limited**

A handwritten signature in blue ink, appearing to read 'Neil Smith', is written over a faint, stylized 'BDO' logo.

**Neil Smith**

**Director**

Perth, 26 February 2018

**Joyce Corporation Ltd ABN 80 009 116 269  
and Controlled Entities**

**Half Year Report**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	Consolidated Group	
		31.12.2017	31.12.2016
		\$'000	\$'000
<b>Continuing operations</b>			
Revenue		47,369	39,147
Cost of sales		(20,448)	(19,016)
<b>Gross Profit</b>		26,921	20,131
Property revaluation gain	12	933	-
Other income		34	64
<b>Expenses from continuing operations</b>			
Administration expenses		(17,315)	(10,750)
Distribution expenses		(401)	(487)
Marketing expenses		(2,668)	(1,924)
Occupancy expenses		(2,405)	(2,251)
Finance expenses		(135)	(3)
Loss on disposal of assets		(13)	(24)
Other expenses		(28)	(29)
<b>Profit from continuing operations before income tax</b>		4,923	4,727
Income tax expense		(1,479)	(1,453)
<b>Profit from continuing operations after income tax</b>		3,444	3,274
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		3,444	3,274
Profit is attributable to:			
Ordinary equity holders of the company		1,752	1,570
Non-controlling interests		1,692	1,704
<b>Total comprehensive income for the period</b>		3,444	3,274
<b>Earnings per share</b>			
Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the Company:			
Attributable to Members:			
Overall operations Basic earnings per share (cents)	7	6.4	5.7
Overall operations Diluted earnings per share (cents)	7	6.3	5.6

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Joyce Corporation Ltd ABN 80 009 116 269  
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**Half Year Report**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Notes	Consolidated Group	
		31.12.2017	30.06.2017
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,211	5,296
Trade and other receivables		687	634
Inventories		4,524	4,908
Other assets		1,136	504
Other financial assets		240	380
<b>Total Current Assets</b>		9,798	11,722
<b>Non-Current Assets</b>			
Trade and other receivables		591	568
Property, plant and equipment	11	11,088	18,589
Inventories		442	528
Deferred tax assets		1,518	1,307
Investment property	12	9,607	-
Intangible assets	13	17,248	15,933
<b>Total Non-Current Assets</b>		40,494	36,925
<b>TOTAL ASSETS</b>		50,292	48,647
<b>Current Liabilities</b>			
Trade and other payables		9,148	10,073
Interest bearing loans and borrowings		400	-
Provisions		1,593	1,361
Provision for income tax		984	1,153
<b>Total Current Liabilities</b>		12,125	12,587
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings		9,600	8,600
Deferred tax liabilities		542	262
Provisions		700	712
<b>Total Non-Current Liabilities</b>		10,842	9,754
<b>TOTAL LIABILITIES</b>		22,967	22,161
<b>NET ASSETS</b>		27,325	26,486
<b>EQUITY</b>			
Issued capital	9	18,041	18,019
Reserves		2,699	2,699
Non-controlling interest		2,673	1,930
Retained earnings		3,912	3,838
<b>TOTAL EQUITY</b>		27,325	26,486

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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**Half Year Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

		<b>Contributed Equity</b>	<b>Reserves</b>	<b>Retained Earnings</b>	<b>Non- controlling Interest</b>	<b>Total Equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2016</b>	Note	17,975	2,699	4,290	1,026	25,990
<b>Total comprehensive income for the period</b>						
Profit attributable to members of the parent entity		-	-	2,764	-	2,764
Profit attributable to non-controlling interests		-	-	-	3,052	3,052
Non-controlling interest on acquisition of subsidiary		-	-	-	113	113
<b>Total comprehensive income for the period</b>		-	-	2,764	3,165	5,929
<b>Transaction with owners</b>						
Payment partly paid shares		44	-	-	-	44
Dividends paid or provided for		-	-	(3,216)	(2,261)	(5,477)
<b>Balance at 30 June 2017</b>		18,019	2,699	3,838	1,930	26,486
<b>Balance at 1 July 2017</b>		18,019	2,699	3,838	1,930	26,486
<b>Total comprehensive income for the period</b>						
Profit attributable to members of the parent entity		-	-	1,752	-	1,752
Profit attributable to non-controlling interests		-	-	-	1,692	1,692
<b>Total comprehensive income for the period</b>		-	-	1,752	1,692	3,444
<b>Transactions with owners</b>						
Payment partly paid shares	9	22	-	-	-	22
Dividends paid or provided for	2	-	-	(1,678)	(949)	(2,627)
<b>Balance at 31 December 2017</b>		18,041	2,699	3,912	2,673	27,325

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

	Notes	Consolidated Group	
		31.12.2017	31.12.2016
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		51,899	42,969
Payments to suppliers and employees		(48,011)	(39,657)
Interest received		34	64
Finance costs		(135)	(3)
Operating Net Cash flow		3,787	3,373
Income tax payment		(1,598)	(2,351)
Net cash provided by operating activities		2,189	1,022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,127)	(2,854)
Secured Loan		39	32
Cash acquired from business combination, net of cash consideration		-	(6,000)
Proceeds from sale of plant and equipment		19	2
Net cash (used in) provided by investing activities		(3,069)	(8,820)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	2	(1,678)	(1,678)
Dividends paid to non-controlling interests		(949)	(1,388)
Dividends received by parent entity		22	22
Proceeds of borrowings		1,400	1,600
Net cash (used in) financing activities		(1,205)	(1,444)
Net decrease in cash held		(2,085)	(9,242)
Cash and cash equivalents at beginning of period		5,296	15,249
Cash and cash equivalents at end of period		3,211	6,007

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the interim half year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Joyce Corporation Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, with further adoption of a policy for Investment Property as outlined in Note 12.

The accompanying report has been prepared assuming that Joyce Corporation Ltd will continue as a going concern. Joyce Corporation Ltd have continued to grow its revenue on a year on year basis and improved cash flow from operations. There was significant cash investment into capital items and promotional activity into new markets in Lloyds, resulting in a short term working capital deficiency. Management expects to consolidate and capitalise on its investments in future upcoming period.

**NOTE 2: DIVIDENDS**

	31.12.2017	31.12.2016
Fully franked dividends were paid on 22 November 2017 for 6.0 cents per share, this included a special dividend of 3.0 cents per share.	\$'000	\$'000
Paid during the half year for the respective financial year	1,678	1,678
	<hr/> 1,678	<hr/> 1,678

**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
- *Company owned stores*  
The operation of Bedshed stores
- The operation of retail kitchen stores
- The operation of valuation, online auction sales and physical auctions
- Joyce and property

Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017

**NOTE 3: OPERATING SEGMENTS (continued)**

**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.

*Unallocated items*

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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
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	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Joyce &amp; Property</i>	<i>Online Auctions</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Period ended 31 Dec 2017</b>						
<b>Revenue</b>						
Revenue	1,562	6,967	28,728	87	10,025	47,369
Inter-segment sales	-	-	-	-	-	-
Total segment revenue	1,562	6,967	28,728	87	10,025	47,369
Unallocated revenue						974
Total consolidated revenue						48,343
<b>Result</b>						
Underlying Profit	765	220	4,838	(982)	1,558	6,399
Significant one-off transactions	-	-	-	-	(1,363)	(1,363)
Segment Result	765	220	4,838	(982)	195	5,036
Net unallocated income & expenses						22
Unallocated finance costs						(135)
Profit before income tax						4,923
Income tax expense						(1,479)
Net consolidated profit for the year						3,444
<b>Assets and liabilities</b>						
Segment assets	7,247	6,081	17,137	7,047	11,262	48,774
Unallocated assets						1,518
Total assets						50,292
Segment liabilities	1,308	1,615	12,436	4,556	1,525	21,440
Unallocated liabilities						1,527
Total liabilities						22,967
<b>Other segment information</b>						
Capital expenditure	3	117	1,581	19	1,106	2,826
Depreciation	15	102	375	51	63	606

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Joyce &amp; Property</i>	<i>Online Auctions</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Period ended 31 Dec 2016</b>						
<b>Revenue</b>						
Revenue	2,033	7,022	23,087	5	7,000	39,147
Inter-segment sales	-	-	-	-	-	-
Total segment revenue	2,033	7,022	23,087	5	7,000	39,147
Unallocated revenue						40
Total consolidated revenue						39,187
<b>Result</b>						
Underlying Profit	464	503	2,941	(1,273)	2,055	4,690
Significant one-off transactions	-	-	-	-	-	-
Segment result	464	503	2,941	(1,273)	2,055	4,690
Unallocated expenses net of unallocated income						40
Unallocated finance costs						(3)
Profit before income tax						4,727
Income tax expense						(1,453)
Net consolidated profit for the year						3,274
<b>Assets and liabilities</b>						
Segment assets	7,461	6,841	8,365	6,992	10,374	40,033
Unallocated assets						1,297
Total assets						41,330
Segment liabilities	1,366	1,295	6,514	3,127	2,499	14,801
Unallocated liabilities						147
Total liabilities						14,948
<b>Other segment information</b>						
Capital expenditure	6	83	254	2,233	474	3,050
Depreciation and amortisation	4	110	190	-	6	310

**Joyce Corporation Ltd ABN 80 009 116 269  
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**Half Year Report**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

**NOTE 4: CONTINGENT LIABILITIES AND COMMITMENTS**

There have been no material changes to contingent liabilities or commitments since 30 June 2017.

**NOTE 5: CASH AND CASH EQUIVALENTS**

Consolidated cash and cash equivalents balance exclude funds allocated for the specific use of operating the Approved Purposes activities on behalf of the Company's franchisees. Approved purposes cash is included in Other Current Assets. At 31 December 2017, the total of this balance was \$240,257 (30 June 2017: \$380,150).

**NOTE 6: FINANCIAL LIABILITIES**

Joyce Corporation Ltd has a St George loan facility of \$4.9 million (drawn to \$4.0m), including a \$150,000 overdraft limit. The group has also entered in to a short-term loan with a related party, amounting to \$400,000. See note 10 for further details.

A subsidiary of the 51% owned KWB Group, KWB Property Holdings Pty Ltd, completed the purchase of a property in Brisbane for \$8.6 million utilising a \$5.6m standalone facility fully drawn in April 2017 from Commonwealth Bank for a three-year term. The facility additionally provides a bank guarantee facility of \$500k which at year-end was undrawn.

There are no breaches of the facility as of the date of this report.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

The Company declared a fully franked interim dividend of 5 cents per share. Record date is the 23 March 2018 and payment date 11 April 2018.

Lloyds Online Auctions announced the acquisition of 3 auction houses in Western New South Wales from the Macquarie Auction Group, effective 1 March 2018.

There are no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of the economic entity in subsequent financial years.

**NOTE 8: EARNINGS PER SHARE**

The shares are issued during the period basic and diluted earnings per share are calculated based on a weighted average of any shares issued during the reporting period. There were no shares issued during the half year ended 31 December 2017 (Nil issued shares 31 December 2016).

**NOTE 9: EQUITY SECURITIES ISSUED**

There are 380,000 partly paid shares that earn dividends which reduce the unpaid portion of the partly paid shares. For the half year ended 31 December 2017 this was paid down by \$22,800 (2016 half year \$22,800)

**NOTE 10: RELATED PARTY DISCLOSURE**

An unsecured loan from Adamic Pty Ltd, a company owned by an associated Director of Joyce Corporation Ltd, for \$400,000 was entered on 21 November 2017, and the loan is repayable by 30 June 2018 (2017: Nil) and at an interest rate of 7.22% pa.

There have been no other material changes to related party transactions since 30 June 2017.

**Joyce Corporation Ltd ABN 80 009 116 269  
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**Half Year Report**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

**NOTE 11: PROPERTY, PLANT & EQUIPMENT**

During the period, the KWB property located in Brisbane, has been reclassified from property, plant and equipment to investment property.

**NOTE 12: 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 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.

During the period, the KWB property located in Lytton, near the Port of Brisbane, was included as an investment property, as the majority of the property is leased to an external third-party manufacturer.

A subsidiary of the 51% owned KWB Group, KWB Property Holdings Pty Ltd, completed the purchase of a property in Brisbane for \$8.6 million, April 2017. A valuation of the property was completed August 2017, by a third-party valuation expert, for bank purposes. The valuation of the property, resulted in a \$0.93 million increase in the value of the investment property and a gain in the financial performance for the period.

**NOTE 13: INTANGIBLE ASSETS**

Approximately \$1.315 million worth of system acquisition and development costs relating to Lloyds Online Auctions platform were capitalised during the period ending 31 December 2017. The accounting policy for such capitalisation is include below.

*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.

Joyce Corporation Ltd ABN 80 009 116 269  
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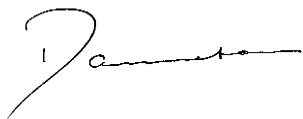
Half Year Report

**DIRECTORS' DECLARATION**

In the opinion of the directors of Joyce Corporation Ltd ("the Company")

1. The financial statements and notes, as set out on pages 8 to 18 are in accordance with the Corporations Act 2001 including:
  - a. Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
  - b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



D A Smetana  
Director

Dated at Perth this Day 26 of February 2018

**DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF JOYCE CORPORATION LIMITED**

As lead auditor for the review of Joyce Corporation Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Neil Smith**

Director

**BDO Audit (WA) Pty Limited**

Perth, 26 February 2018