



2002 Annual Report



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Statement of Financial Performance for the year ended 30 June 2002

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Sales revenue	2	70,153	130,856	66,194	66,100
Cost of sales		(55,782)	(110,469)	(51,806)	(53,168)
Gross profit		14,371	20,387	14,388	12,932
Other revenues from ordinary activities	2	4,562	14,051	7,773	13,907
Distribution expenses		(3,569)	(5,535)	(3,475)	(3,495)
Administrative expenses		(5,735)	(17,764)	(3,397)	(12,547)
Borrowing costs expense	3	(896)	(2,842)	(896)	(2,554)
Other expenses from ordinary activities		(7,660)	(25,175)	(7,623)	(28,179)
Share of net profits of associates and joint ventures accounted for using the equity method.	2	453	305	-	-
Profit/(loss) from ordinary activities before income tax	3	1,526	(16,573)	6,770	(19,936)
Income tax benefit/(expense) relating to ordinary activities	4(a)	-	2,254	-	2,026
Net profit		1,526	(14,319)	6,770	(17,910)
Net profit/(loss) attributable to outside equity interest		-	-	-	-
Net profit/(loss) attributable to members of the parent entity		1,526	(14,319)	6,770	(17,910)
Total changes in equity other than those resulting from transactions with owners as owners		1,526	(14,319)	6,770	(17,910)
Basic earnings per share (cents per share)	7	8.1	(76.2)	-	-
Diluted earnings per share (cents per share)		N/A	N/A	-	-

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2002

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
CURRENT ASSETS					
Cash Assets	8	1,065	17,732	1,064	366
Receivables	9	9,736	20,491	9,559	10,052
Inventories	10	4,476	13,808	4,476	5,714
Other	14	-	2,632	-	-
TOTAL CURRENT ASSETS		15,277	54,663	15,099	16,132
NON CURRENT ASSETS					
Receivables	9	140	167	13,506	21,981
Other Financial Assets	11	1,610	1,600	2,454	2,441
Property, Plant & Equipment	12	21,131	23,706	8,955	10,308
Deferred Tax Assets	13	1,467	1,467	1,414	1,414
Other	14	-	88	-	88
TOTAL NON CURRENT ASSETS		24,348	27,028	26,329	36,232
TOTAL ASSETS		39,625	81,691	41,428	52,364
CURRENT LIABILITIES					
Payables	15	10,450	41,413	10,450	22,023
Interest Bearing Liabilities	16	642	17,951	642	15,832
Provisions	18	2,521	7,729	2,521	6,152
TOTAL CURRENT LIABILITIES		13,613	67,093	13,613	44,007
NON CURRENT LIABILITIES					
Interest Bearing Liabilities	16	10,592	-	10,592	-
Deferred Tax Liabilities	17	-	-	-	-
Provisions	18	3,502	4,215	3,502	1,415
TOTAL NON CURRENT LIABILITIES		14,094	4,215	14,094	1,415
TOTAL LIABILITIES		27,707	71,308	27,707	45,422
NET ASSETS		11,918	10,383	13,721	6,942
EQUITY					
Contributed Equity	19	15,474	15,474	15,474	15,474
Reserves	20	1,309	1,309	1,500	1,500
Retained Profits/(Accumulated Losses)	21	(4,865)	(6,400)	(3,253)	(10,032)
Equity Attributable To Members Of The Parent Company		11,918	10,383	13,721	6,942
TOTAL EQUITY		11,918	10,383	13,721	6,942

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2002

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		81,923	141,642	67,401	65,795
Payments to suppliers and employees		(91,044)	(119,051)	(75,281)	(77,273)
Interest received		461	258	461	2,200
Distributions from unit trust & dividend income		331	305	530	1,154
Interest and costs of finance paid		(896)	(2,842)	(896)	(2,554)
Other income/(payments)		(625)	(513)	-	3,549
Income tax refunded/(paid)		215	(140)	215	(495)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22(a)	(9,635)	19,659	(7,570)	(7,624)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of property, plant and equipment		462	7,100	151	-
Payment for property, plant and equipment		(425)	(19,576)	(425)	(466)
Proceeds from sales of investments	22(b)	-	6,778	-	5,980
Loans from/(to) related entities		-	-	-	885
Loans from/(to) other entities		-	1,800	13,493	6
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		37	(3,898)	13,219	6,405
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares & options	22(c)	-	27	-	27
Proceeds from borrowings		18,604	11,100	18,604	11,100
Repayment of borrowings		(25,320)	(21,745)	(23,202)	(21,745)
Dividends paid in cash	22(d)	(353)	(1,315)	(353)	(1,315)
Other		-	242	-	(134)
NET CASH USED IN FINANCING ACTIVITIES		(7,069)	(11,691)	(4,951)	(12,067)
Net Increase/(decrease) in cash		(16,667)	4,070	698	(13,286)
Cash at beginning of year		17,732	13,662	366	13,652
CASH AT END OF YEAR	8	1,065	17,732	1,064	366

The accompanying notes form part of these financial statements

In this Financial Report, the terms "Parent Entity" and "Company" refer to Joyce Corporation Ltd; the terms "Consolidated" and "Group" refer to Joyce Corporation Ltd and its controlled entities; and the term "Related Entity" refers to a company within the Group.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a general purpose financial report and has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the group of Joyce Corporation Ltd and controlled entities, and Joyce Corporation Ltd as an individual parent entity. Joyce Corporation Ltd is a public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of material accounting policies adopted by the Group in the preparation of the Financial Report.

(a) Principles of Consolidation

The consolidated Financial Statements are those of the Group, comprising the Parent Company and all entities, which the Parent Company controlled during the year. Where an entity is controlled for only part of the year, its results are only included for that part of the year during which control existed. All transactions between entities in the Group have been eliminated. A list of controlled entities is contained in Note 31.

(b) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Raw materials, work in progress and finished goods are valued at the lesser of net realisable value and cost. The cost of manufactured products includes direct materials, direct labour, and an appropriate portion of variable and fixed overheads. The latter is applied on the basis of normal operating capacity. Costs are assigned on the basis of the weighted average method. Costs include all expenses incurred in bringing the goods to a location ready for sale.

(d) Investments

Investments are carried at deemed cost and the directors review those carrying amounts annually. The directors are satisfied that the carrying amounts are not in excess of the amount recoverable from those investments. The recoverable amounts are assessed from the current market value of the investments or the underlying net assets in the particular entity. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts. Distributions are brought to account in the Statement of Financial Performance when the right to receive a dividend has been established. As a consequence of adopting the cost basis the balance of the asset revaluation reserve relating to investments is no longer available for asset write-downs.

Material investments in Associate Companies are recognised in the financial statements applying the equity method of accounting.

(e) Property, Plant and Equipment

Property, plant and equipment are measured on a cost basis. The directors have considered the carrying amounts of those assets and are satisfied that those amounts do not exceed the recoverable amount (being the net amount that is expected to be recovered through the cash inflows and outflows arising from the assets' continued use and subsequent disposal) from those assets. In determining recoverable amounts, expected cash flows have not been discounted to present value.

Property, plant and equipment, leasehold improvements and capitalised leased assets are depreciated on a straight line basis over the estimated useful lives of those assets to the Group. Estimates of remaining useful lives are made on a regular basis. The expected useful lives (and corresponding depreciation rates) are as follows:

Buildings	40 years - 2.5% p.a.
Plant & equipment	3-20 years - 33% to 5% p.a.
Leasehold improvements	15 years - 6% p.a.
Leased assets	5-6 years - 20% to 16.67% p.a.

(f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred from the lessor and are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Revaluation of Non-Current Assets

Revaluation of non current assets does not take into account the potential capital gains tax on the assets acquired after the introduction of capital gains tax.

(h) Expenditure Carried Forward

Material items of expenditure are deferred to the extent that management consider that it is probable that future economic benefits embodied in the expenditure will eventuate and can be measured reliably and do not relate solely to revenue that has already been brought to account. Such expenditure is written off over the period of realisation or five years, whichever is lesser.

(i) Research & Development

Expenditure incurred in the research and development of new products and production techniques is normally written off in the year in which it is incurred. Where there are identifiable future revenues, such expenditure is carried forward and amortised against such revenue over a period not exceeding three years.

(j) Employee Entitlements

Provision is made in respect of the Group's estimated liability to employees for long service leave, annual leave, and sick leave on the basis of their statutory entitlements and in accordance with Accounting Standard AASB 1028: Accounting for Employee Entitlements. Provision is also made in relation to redundancy entitlements for employees.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Company operates an Employee Share Plan, details of which are provided in Note 19.

(k) Foreign Currencies

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the dates of those transactions. Amounts payable and receivable in foreign currency at balance date are converted to Australian dollars at exchange rates ruling on that date. Exchange differences arising from short-term monetary items are treated as operating revenue or expense in the periods in which they arise.

The Financial Statements of overseas controlled entities that are integrated foreign operations are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

(l) Comparative Figures

Where necessary, comparative figures are adjusted so as to be comparable with the figures stated for the current year.

(m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
2. REVENUE					
Operating Activities					
- Sale of goods		70,153	130,856	66,194	66,100
- Dividends received	(a)	453	305	529	1,154
- Interest received	(b)	461	258	461	2,200
- Management fees		-	-	-	2,448
- Other		2,252	475	6,650	1,101
		73,319	131,894	73,834	73,003
Non-Operating Activities					
- Proceeds on disposal of property, plant & equipment		462	4	133	4
- Proceeds on disposal of controlled entity		-	7,000	-	7,000
- Write back of trade creditors		1,387	6,314	-	-
		1,849	13,318	133	7,004
Total revenue		75,168	145,212	73,967	80,007
(a) Dividend and revenues from:					
- Associated entities		453	305	-	-
- Wholly owned subsidiaries		-	-	529	1,154
Total dividend and revenues		453	305	529	1,154
(b) Interest revenue from:					
- Related parties		-	-	-	1,942
- Other persons		461	258	461	258
Total interest revenue		461	258	461	2,200
3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES					
Profit/(loss) from ordinary activities before income tax expense has been determined after:					
(a) EXPENSES					
Borrowing costs					
- Other persons		896	2,842	896	2,554
Total borrowing costs		896	2,842	896	2,554
Depreciation of non-current assets					
- Buildings		138	57	33	10
- Plant & equipment		1,430	2,704	1,426	1,587
Total depreciation		1,568	2,761	1,459	1,597
Amortisation of non-current assets					
- Leasehold improvements		8	5	8	5
- Capitalised leases		93	2,437	93	172
- Research and development expenditure		40	37	40	37
Total amortisation		141	2,479	141	214

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES (cont'd)					
Bad and doubtful debts					
- Write-off of bad debts		199	65	199	65
- Provision for trade and sundry debtors		27	1,226	27	39
Total bad and doubtful debts		226	1,291	226	104
Rental expense on operating lease					
- Minimum lease payments		419	1,266	419	1,164
Research and development costs		48	24	48	23
Write down of inventories to net realisable value		44	168	44	113
(b) REVENUE AND NET GAIN / (LOSS)					
Net gain/(loss) on disposal of non-current assets					
- Property, plant & equipment		(1,950)	(161)	(78)	(161)
(c) SIGNIFICANT REVENUE					
Corporate					
- Sale of Joyce Healthcare Group Pty Ltd		-	7,000	-	7,000
- Write back of provision for intercompany receivable		-	-	5,018	-
- Write back of trade creditors		673	-	673	-
Rural					
- Write back of trade creditors		1,387	6,314	-	-
- Write back of doubtful debts		1,175	-	-	-
- Write back of provision for environmental clean up costs		2,500	-	-	-
Total		5,735	13,314	5,691	7,000
(d) SIGNIFICANT EXPENSES					
Corporate					
- Receivers costs		-	689	-	689
- Administration costs		-	300	-	300
- Costs & adjustments on sale of Healthcare		-	1,615	-	1,615
- Provision for staff redundancies		492	836	492	836
- Provision for transition costs		-	800	-	800
- Provision for reorganisation		576	1,169	576	1,169
- Provision for non-recovery of intercompany loan		-	-	-	18,500
- Write-off of legal actions costs		594	-	594	-
Foam					
- Intangible written off		-	2,700	-	2,700
- Product and business development expenditure		-	-	-	-
- Provision for sick leave		-	400	-	400
Rural					
- Intangible written off		1,360	7,380	-	-
- Write down of depreciable assets to sale value		-	2,775	-	-
- Provision for staff redundancies		-	536	-	-
- Provision for transition costs		-	700	-	-
- Provision for doubtful trade & sundry creditors		-	1,200	-	-
- Provision of non-recovery of stock		-	500	-	-
- Provision for environmental clean up costs		-	2,500	-	-
- Provision for product liability costs		-	300	-	-
Healthcare					
- Write-off of research & development costs		-	743	-	-
Total		3,022	25,143	1,662	27,009

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
4. INCOME TAX					
(a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2001: 34%) plus tax effect of:		458	(5,635)	2,031	(6,778)
- Amortisation of goodwill		-	104	-	24
- Depreciation of buildings		-	6	-	6
- Other non deductible expenses		42	1,883	(1,496)	4,149
		500	(3,642)	535	(2,599)
Less tax effect of:					
- Rebate on dividend received from Related Entity		-	392	159	392
- Research and development concession		-	19	-	11
- Provisions acquired		-	-	-	-
- Leasehold depreciation		-	-	-	-
- Capital losses applied		-	1,190	-	1,190
- Intercompany debts written off		-	-	3,338	-
- Adjustment to the provision for deferred income tax for change in company tax rate		-	(293)	-	(614)
- Benefit of timing differences not brought to account		-	(5,296)	-	(3,400)
- Recoupment of tax losses		500	607	-	-
- Adjustment as a result of debt forgiveness		-	584	-	-
- Tax losses not tax effected		-	-	(2,962)	-
- Tax losses transferred in from subsidiaries		-	-	-	576
- Adjustment in relation to income tax refundable		-	1,260	-	1,123
- Over provision (under provision) of tax in prior year		-	149	-	149
Income tax expense/(benefit) attributable		-	(2,254)	-	(2,026)
(b) Future income tax benefit and deferred income tax liability					
The future income tax benefit and deferred income tax liability comprise of:					
- Timing differences		3,065	3,006	3,012	2,953
- Less provision for deferred income tax		(1,598)	(1,539)	(1,598)	(1,539)
Future income tax benefit (provision for deferred income tax liability)		1,467	1,467	1,414	1,414

Note: Refer to Note 13 on Deferred Tax Assets for information on tax losses not tax effected.

5. DISCONTINUING OPERATIONS

Prior to June 2001 the group finalised a plan to dispose of its manufacture and distribution of agricultural chemical products and the production of unrefined canola oil and meal division and thereby discontinuing its operations in this business segment. All activities effectively ceased before 30 June 2001. The business assets of Davison Industries and Davison Oils were sold early in the 2002 financial reporting period. In September 2001, a deed of company arrangement was entered into with unsecured creditors and in November 2001, the sale of the land and buildings, including all environmental risks at Pinjarra WA took place. In December 2001, the receivers and managers and voluntary administrators retired. Some of the transactions relating to the final closure of the business have gone through the 2002 reporting period. However, the provisions of AASB 1042 have not been applied as the business had effectively ceased operations in the prior reporting period.

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
9. RECEIVABLES				
CURRENT				
Trade debtors	8,442	18,993	8,442	8,077
less provision for doubtful debts	(158)	(1,381)	(158)	(131)
	8,284	17,612	8,284	7,946
Other debtors and prepayments	1,452	2,879	1,275	2,106
	9,736	20,491	9,559	10,052
NON CURRENT				
Amounts receivable from related entities	-	-	13,366	21,939
less provision for doubtful debts	-	-	-	-
	-	-	13,366	21,939
Amounts receivable from other entities	140	125	140	-
Employee Share Plan loans [refer Note 19 (b)]	-	42	-	42
	140	167	13,506	21,981
10. INVENTORIES				
Raw materials	1,153	5,170	1,153	1,728
Work in progress	237	248	237	248
Finished goods	2,974	8,785	2,974	3,553
Consumables	318	347	318	347
	4,682	14,550	4,682	5,876
Less: provision for obsolescence	(206)	(742)	(206)	(162)
	4,476	13,808	4,476	5,714

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
II. OTHER FINANCIAL ASSETS				
(a) Shares listed on a prescribed stock exchange - at cost (market value \$15,472 - 2001: \$10,850)	23	23	23	23
(b) Shares in Related Entities (refer Note 31) - at cost	-	-	939	939
- at deemed cost (refer note 1(d))	-	-	1,500	1,500
(c) Equity accounted investments (refer (ii) below) - units in a unit trust (refer (i) below)	1,535	1,535	-	-
- shares in other companies (refer (i) below)	60	60	-	-
	1,618	1,618	2,462	2,462
Less provision for diminution of investments	(8)	(18)	(8)	(21)
	1,610	1,600	2,454	2,441

- (i) Details of the interests held by Joyce Corporation Ltd or its subsidiaries in the entities referred to in (c) and (d) above are as follows:

Units in a unit trust

Joyce Group holds a 49% interest in the Bedshed Unit Trust, a retail bedding and furniture franchisor. The equity accounted value of this investment at 30 June 2002 was \$1,535,396 (2001: \$1,535,396). During the year the Group received income of \$373,475 (2001: \$219,844) distributed by the Trust and Joyce Corporation Ltd received Nil (2001: \$20,000) in fees for administrative services provided to the Trust.

Shares in other companies

	BENEFICIAL INTEREST (%)	BALANCE DATE	PRINCIPAL ACTIVITY
Dyman Foams Pty Ltd	50	Jun 30	Converter of polyurethane foam
Illbruck Joyce Pty Ltd	50	Dec 31	Dormant

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
11. OTHER FINANCIAL ASSETS (cont'd)				
(ii) Movement in carrying value of equity accounted investments				
Carrying value at beginning of financial year	1,595	1,595	-	-
Share of associate reserve increments arising during the year	453	305	-	-
Distributions from associated entities	(453)	(305)	-	-
Carrying value at end of financial year	1,595	1,595	-	-
12. PROPERTY, PLANT & EQUIPMENT				
Freehold land at cost	5,568	5,811	112	104
Buildings at cost	7,215	7,856	400	400
less provision for depreciation	(158)	(222)	(58)	(25)
	7,057	7,634	342	375
Leasehold improvements at cost	263	263	263	263
less provision for amortisation	(23)	(15)	(23)	(15)
	240	248	240	248
Plant and equipment at cost	22,666	21,881	21,281	20,058
less provision for depreciation	(14,400)	(13,060)	(13,020)	(11,670)
	8,266	8,821	8,261	8,388
Plant and equipment under lease at capitalised value	-	1,520	-	1,520
less provision for amortisation	-	(328)	-	(327)
	-	1,192	-	1,193
	21,131	23,706	8,955	10,308

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

12. PROPERTY, PLANT & EQUIPMENT (cont'd)

(a) MOVEMENTS IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Consolidated:

Balance at the beginning of the year	5,811	7,634	248	8,821	1,192	23,706
Additions	8	-	-	409	-	417
Disposals	-	-	-	(117)	-	(117)
Additions through acquisition of entity and businesses	-	-	-	-	-	-
Depreciation expense	-	(138)	(8)	(1,606)	-	(1,752)
Disposal of assets on sale of subsidiary and businesses	(251)	(439)	-	(433)	-	(1,123)
Reclassification of leased plant and equipment	-	-	-	1,192	(1,192)	-
Carrying amount at end of year	5,568	7,057	240	8,266	-	21,131

Company:

Balance at the beginning of the year	104	375	248	8,388	1,193	10,308
Additions	8	-	-	417	-	425
Disposals	-	-	-	(218)	-	(218)
Depreciation expense	-	(33)	(8)	(1,519)	-	(1,560)
Reclassification of leased plant and equipment	-	-	-	1,193	(1,193)	-
Carrying amount at end of year	112	342	240	8,261	-	8,955

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
13. DEFERRED TAX ASSETS				
Future income tax benefit (Note 4(b))	1,467	1,467	1,414	1,414

The Company has FITB of approximately \$3.3 million relating to tax losses of \$11 million carried forward at 30 June 2002. The Company is now concentrating on its core business of foam manufacture, which has always been profitable and there is reasonable certainty that it will continue to earn profits in the future. Nevertheless, as the period of time over which this loss will be recouped out of such profits cannot be established with reasonable certainty at present, these benefits have not been recognised in these financial statements.

The tax benefits of approximately \$1.1 million relating to the capital losses of \$3.6 million have also not been recognised. These benefits are likely to be available for set off only against future capital gains.

14. OTHER ASSETS

CURRENT

Goodwill sold (a)	-	1,360	-	-
Assets sold (a)	-	1,272	-	-
	-	2,632	-	-

(a) These amounts relate to proceeds due on the sale of plant & equipment and intellectual property of Davison Industries and Davison Oils being activities of Joyce Rural Pty Ltd. Settlement was effected by end of August 2001.

NON-CURRENT

Deferred research and development expenditure brought forward	88	560	88	100
Deferred expenditure incurred during the year	-	32	-	32
Deferred expenditure at end of year	88	592	88	132
Less provision for amortisation	(40)	(44)	(40)	(44)
Less write off	(48)	(460)	(48)	-
	-	88	-	88
Other expenditure brought forward	-	-	-	-
Less provision for amortisation	-	-	-	-
	-	88	-	88

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
15. PAYABLES				
CURRENT				
Trade creditors (i)	7,400	37,201	7,400	17,821
Other creditors	3,050	4,212	3,050	4,202
	10,450	41,413	10,450	22,023

(i) Deeds of company arrangement (DOCA) were entered into in September 2001 with unsecured creditors in existence at 4 May 2001. The DOCAs outlined payments to be made to the unsecured creditors as follows:

- Joyce Corporation Ltd: 100 cents in the dollar, payable 50% by 31 December 2001 and 50% by 31 March 2002.
- Joyce Rural Pty Ltd: capped at \$6.5m, approximately 50 cents in the dollar, payable 50% by 31 January 2002, 25% by 31 March 2002 and 25% by 30 June 2002.

16. INTEREST BEARING LIABILITIES

CURRENT				
Bank loans (refer note below)	642	14,354	642	14,354
Hire purchase creditor	-	134	-	134
Lease liability	-	3,463	-	1,344
	642	17,951	642	15,832
NON CURRENT				
Bank loans (refer note below)	10,592	-	10,592	-
Hire purchase creditor	-	-	-	-
Lease liability	-	-	-	-
	10,592	-	10,592	-

The Group's bank loans, bill and credit facilities are secured by first and second mortgage over land and buildings and registered floating charges over all the other assets of the Group and guarantees by the Parent Company and its Related Entities.

At 30 June 2002, the Group's bank loans amounted to \$11,234,000 (2001: \$14,354,000).

The amounts of the Group's bank loans and the extent to which they were used and unused as at 30 June 2002 are as follows:

	TOTAL FACILITIES \$'000	USED AT 30 JUNE \$'000	UNUSED AT 30 JUNE \$'000
2002			
Commercial bill facilities	6,600	6,600	-
Revolving credit facility	2,842	2,842	5,158*
Term loan	1,792	1,792	-
2001			
Commercial bill facilities	14,354	14,354	-

* The maximum that can be borrowed under the revolving credit facility agreement is \$8,000,000.

However it is only available when certain conditions relating to the level of debtors are met.

Conditions of Revolving Credit and Term Loan Facility include covenants and restrictions relating to capital expenditure, disposal of property, minimum tangible net worth and fixed charge coverage ratio.

	Note	Consolidated		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
17. DEFERRED TAX LIABILITIES					
NON CURRENT					
Provision for deferred income tax	4(b)	-	-	-	-
18. PROVISIONS					
CURRENT					
Employee entitlements (a), (b)		2,468	4,329	2,468	3,452
Dividend		-	376	-	376
Income tax		-	-	-	-
Reorganisation & contingencies		53	3,024	53	2,324
		2,521	7,729	2,521	6,152
NON CURRENT					
Employee entitlements (a), (c)		3,322	1,415	3,322	1,415
Product liability		180	300	180	-
Environmental clean-up		-	2,500	-	-
		3,502	4,215	3,502	1,415
Number of employees at year end		343	437	343	368
(a) Aggregate employee entitlement liability		5,790	5,744	5,790	4,867

(b) Included in this provision is an amount of \$491,591 for redundancies.

(c) Included in this provision is an amount of \$1,243,000, which relates to a provision made under a service agreement between the company and Mr D A Smetana who terminated as an employee of the company in July 2001.

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
19. CONTRIBUTED EQUITY				
18,783,944 ordinary shares comprising of:				
18,403,944 fully paid ordinary shares (2001: 18,403,944)	15,131	15,131	15,131	15,131
380,000 ordinary shares issued at \$2.00 and paid to 90 cents (2001: 380,000 shares issued at \$2.00 and paid to 90 cents)	343	343	343	343
	15,474	15,474	15,474	15,474
Movements in share capital:				
At the beginning of the reporting period	15,474	15,447	15,474	15,447
Additional amounts paid up on partly paid shares	-	27	-	27
Balance at end of year	15,474	15,474	15,474	15,474

- (a) The Company has a Dividend Reinvestment Plan which 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 and any other issue costs.
- (b) The Company's Employee Share Plan provides that the number of shares that may be issued under the Plan shall not exceed 5% of the number of shares on issue. All permanent full time and part time employees (including directors) of the Company and its subsidiaries are eligible to participate equally in the Plan. The issue price of shares issued under the Plan will be the market price of the Company's shares at the time of issue less a discount not exceeding 10%.
- (c) The Company's Senior Executives Option Plan provides that the exercise price of the options shall be 110% of the market price of the Company's shares at the date of issue of the options. The options shall have a maximum term of 5 years and the holder may elect to exercise 25% of their options after one year, a further 25% after two years, a further 25% after three years and the balance after four years. The total number of options on issue may not exceed 3% of the total number of shares on issue. Each option entitles the holder, upon exercise and payment of the exercise price, to acquire one fully paid share in the Company, which will rank equally in all respects with the other fully paid shares then on issue. The exercise price of the options may be adjusted to take into account the effect of the changes to the capital structure of the Company arising from any future pro rata issue of securities.
- (d) The partly paid shares were issued in 1987 at a premium of \$1.50 per share, paid up to one cent with no specific period set for payment of the balance of \$1.99. The shares rank for dividends as if they were fully paid shares, but all dividends paid must firstly be applied in reduction of the balance of the issue price that remains outstanding. The amount of the issue price of the partly paid shares outstanding at 30 June 2002 was \$1.10 per share (2001: \$1.10). The shares have voting rights only in the event of a poll, in which case voting rights are proportioned in the ratio that the amount paid up bears to the issue price.

20. RESERVES

Reserves comprise:

Asset revaluation reserve	1,309	1,309	1,500	1,500
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As a consequence of adopting the cost basis the balance of the asset revaluation reserve is no longer available for asset write-downs.

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
21. RETAINED PROFITS / (ACCUMULATED LOSSES)				
Retained profits/(accumulated losses) at the beginning of the financial year	(6,400)	8,670	(10,032)	8,629
Net profit/(loss) attributable to the members of the Parent Entity	1,526	(14,319)	6,770	(17,910)
Dividends provided for or paid and adjustments	9	(751)	9	(751)
Retained profits/(accumulated losses) at the end of the financial year	(4,865)	(6,400)	(3,253)	(10,032)
22. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX				
Profit/(loss) from ordinary activities after income tax	1,526	(14,319)	6,770	(17,910)
Non-cash flows in operating profit -				
Reduction/(increase) in future income tax benefit	-	(1,467)	-	(2,026)
Decrease/(increase) in deferred income tax liability	-	798	-	-
Amortisation	88	2,437	88	177
Depreciation	1,661	2,761	1,575	1,597
Bad debts written off	-	-	-	-
Assets written off	-	2,775	-	259
Gain on disposal of Healthcare	-	(5,378)	-	(5,378)
Provision for reorganisation	-	1,239	-	1,239
Deferred expenditure write-off	-	743	-	743
Write-off of intangible assets	1,360	10,080	-	2,624
Provision against intercompany loan	-	-	-	18,500
Write-off of trade creditors	(2,060)	(6,314)	(673)	-
Provision for diminution in investments	(10)	-	(13)	-
Net increase/(decrease) in provisions	(5,568)	6,559	(6,148)	(16,842)
Loss (profit) on sale of property, plant & equipment and investments	1,950	(4)	-	(4)
Decrease/(increase) in trade and term debtors	9,328	3,029	(338)	(305)
Decrease/(increase) in other debtors and prepayments	1,454	377	831	(287)
Decrease/(increase) in inventories	9,332	3,010	1,238	510
Increase/(decrease) in trade creditors and accruals	(28,696)	13,333	(10,900)	9,479
Net cash provided/(used) by operating activities	9,635	19,659	(7,570)	(7,624)

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
22. NOTES TO THE STATEMENT OF CASH FLOWS (cont'd)				
(b) DISPOSAL OF BUSINESSES				
During the prior year the controlled entity Joyce Healthcare Pty Ltd was sold. Aggregate details of this transaction are				
Disposal price	-	7,000	-	-
Cash consideration	-	6,778	-	-
Assets and liabilities held at disposal date:				
Cash	-	472	-	-
Receivables	-	3,224	-	-
Inventories	-	3,334	-	-
Property, plant and equipment	-	1,539	-	-
Other	-	536	-	-
Creditors	-	(8,021)	-	-
	-	1,084	-	-
Net gain on disposal	-	5,738	-	-
Outside equity interests in disposals	-	(44)	-	-
	-	6,778	-	-
(c) CASH RECEIVED RELATING TO THE ISSUE OF SHARES				
Paying up of partly paid shares & the exercise of options	-	27	-	27
(d) DIVIDENDS PAID IN CASH				
Interim dividend paid	-	939	-	939
Final dividend paid (22/05/02)	353	376	353	376
	353	1,315	353	1,315
(e) DEFINITION OF CASH				
For the purpose of the statement of cash flows, cash includes:				
(i) cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and				
(ii) investment in money market instruments with less than 14 days to mature.				

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
23. COMMITMENTS FOR EXPENDITURE				
(a) CAPITAL EXPENDITURE COMMITMENTS				
Capital expenditure commitments (not later than one year) made for purchases of plant and equipment.	-	-	-	-
(b) COMMITMENTS FOR EXPENDITURE UNDER LEASE AGREEMENTS				
(i) Payments due under finance leases relating to plant and motor vehicles:				
- not later than one year	-	4,372	-	1,802
- later than one year but not later than two years	-	-	-	-
- later than two years but not later than five years	-	-	-	-
	-	4,372	-	1,802
Less future finance charges	-	(775)	-	(324)
Present value of minimum lease payments	-	3,597	-	1,478
(ii) Payments due under operating leases relating mainly to property and				
- not later than one year	1,679	1,943	1,679	1,786
- later than one year but not later than two years	483	1,441	483	1,441
- later than two years but not later than five years	766	1,085	766	1,085
- later than five years	1,449	1,053	1,449	1,053
	4,377	5,522	4,377	5,365

24. CONTINGENT LIABILITIES

SERVICE AGREEMENT ENTITLEMENT

An entitlement of \$1,243,000, under a service agreement exists between the company and Mr D A Smetana, who terminated as an employee of the company in July 2001. Mr Smetana has entered into an agreement with the company to defer payment of \$519,150 of his entitlements, being 5% of shareholders funds at balance date, the maximum allowed under ASX Listing Rules. This amount has been accrued (refer Note 18(c)). The remaining balance of his entitlement of \$723,850 which has also been accrued (refer Note 18(c)), is payable subject to growth in shareholders funds or shareholder approval.

25. FINANCIAL INSTRUMENTS

(a) INTEREST RATE RISK EXPOSURES

The Group's exposure to interest rate risk, which is the rate that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2002	Note	Floating Interest Rate \$'000	Fixed Interest 1 Year or Less \$'000	Maturing in: Over 1 to 5 Years \$'000	Non-Interest Bearing \$'000	Total Carrying Amount as per Balance Sheet \$'000
Financial Assets						
Cash	8	1,065	-	-	-	1,065
Receivables	9	-	-	-	9,876	9,876
Investments	11	-	-	-	1,610	1,610
		1,065	-	-	11,486	12,551
Weighted average interest rate		8.41%	-	-	-	-
Financial Liabilities						
Bill, term loan & revolving credit facility	16	11,234	-	-	-	11,234
Trade and other creditors	15	-	-	-	10,450	10,450
		11,234	-	-	10,450	21,684
Weighted average interest rate		7.35%	-	-	-	-
Net financial assets (liabilities)		(10,169)	-	-	1,036	(9,133)
2001						
Financial Assets						
Cash	8	17,732	-	-	-	17,732
Receivables	9	-	-	-	20,658	20,658
Investments	11	-	-	-	1,600	1,600
		17,732	-	-	22,258	39,990
Weighted average interest rate		2.75%	-	-	-	-
Financial Liabilities						
Bills payable	16	14,354	-	-	-	14,354
Trade and other creditors	15	-	-	-	41,413	41,413
Other	16	-	3,597	-	-	3,597
Dividends payable	18	-	-	-	376	376
		14,354	3,597	-	41,789	59,740
Weighted average interest rate		11.94%	8.40%	8.00%	-	-
Net financial assets (liabilities)		3,378	(3,597)	-	(19,531)	(19,750)

25. FINANCIAL INSTRUMENTS (cont'd)

Net fair values

The aggregate net fair values of financial assets and financial liabilities, both on balance sheet and off balance sheet, at the balance date, are as follows:

On balance sheet financial instruments -

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial Assets				
Cash	1,065	17,732	1,065	17,732
Receivables	9,876	20,658	9,876	20,658
Investments	1,610	1,600	1,610	1,600
	12,551	39,990	12,551	39,990
Financial Liabilities				
Bill, loan & credit facility	11,234	14,354	11,234	14,354
Trade and other creditors	10,450	41,413	10,450	41,413
Other	-	3,597	-	3,597
Dividends payable	-	376	-	376
	21,684	59,740	21,684	59,740
Net Financial Liabilities	(9,133)	(19,750)	(9,133)	(19,750)

The following methods and assumptions are used to determine the net fair values of on balance sheet financial assets and liabilities:

Cash, cash equivalents and short term investments - the carrying amount approximates fair value because of their short term to maturity.

Trade debtors and creditors - the carrying amount approximates fair value.

Non current investments - the carrying amount approximates fair value based upon a reasonable assessment of future cash flows or on market values.

Dividends payable - the carrying amount approximates fair values.

Bills, loan & credit facilities - the net fair value has been determined by discounting the bills at market rates of similar borrowings and terms, to its present values.

For other assets and liabilities the net fair value approximates their carrying value.

(b) CREDIT RISK EXPOSURE

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the Financial Statements. The Group minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within specified industries. Except for the following concentrations of credit risks, the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Maximum credit risk exposure for each concentration is as follows:

Industry	2002 \$'000	% of Total Receivables	2002 \$'000	% of Total Receivables
Manufacturing & Industrial	7,786	79	9,425	46
Retail	584	6	871	4
Government & service industries	72	1	120	1
Agriculture	-	-	1,903	9
Unallocated items	1,434	14	8,338	40
	9,876	100	20,657	100

26. SEGMENT INFORMATION

	Foam		Polystyrene Industries		Rural		Healthcare		Eliminations		Consolidated	
Primary Reporting - Business Segments	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
REVENUE												
External sales	63,254	63,228	2,940	2,872	3,959	47,449	-	17,307	-	-	70,153	130,856
Other segments	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales Revenue	63,254	63,228	2,940	2,872	3,959	47,449	-	17,307	-	-	70,153	130,856
Share of net profits of equity accounted associates and joint venture entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	63,254	63,228	2,940	2,872	3,959	47,449	-	17,307	-	-	70,153	130,856
Unallocated Revenue											5,015	11,555
Total Revenue from Ordinary Activities											75,168	142,411
RESULT												
Segment result	2,219	39	557	-2,489	-	-13,463	-	-880	-	-	2,776	-16,793
Unallocated expenses net of unallocated revenue											-1,250	220
Profit from ordinary activities before income tax expense											1,526	-16,573
Income tax expense											-	2,254
Profit from ordinary activities after income tax expense											1,526	-14,319
Net profit											1,526	-14,319
ASSETS												
Segment assets	38,854	69,935	1,685	1,842	51	39,552	-	-	-965	-29,638	39,625	81,691
Unallocated assets											-	-
Total assets											39,625	81,691
LIABILITIES												
Segment liabilities	27,537	43,623	1,128	4,331	7	52,992	-	-	-965	-29,638	27,707	71,308
Unallocated liabilities											-	-
Total liabilities											27,707	71,308
OTHER												
Investments accounted for using the equity method	1,595	1,595	-	-	-	-	-	-	-	-	1,595	1,595
Acquisitions of non-current segment assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation of segment assets	1,488	5,042	173	161	-	-	-	-	-	-	1,661	5,203
Other non-cash segment expenses	-	-	-	-	-	-	-	-	-	-	-	-

26. SEGMENT INFORMATION (cont'd)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consists principally of cash, receivables, inventories and property plant and equipment, net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Business Segments

The consolidated entity has the following three business segments:

- The Foam Division manufactures and distributes polyurethane foam for use in industrial and consumer applications.
- Polystyrene Industries manufactures and distributes expanded polystyrene foam which is used in primary produce and fishing sectors as well as the building sector.
- The Rural sector's business was discontinued early in the year 2001/02.

Geographical Segments

The consolidated entity's business segments are located in Australia. The Foam sector exports a small amount of foam to South East Asia.

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(a) REMUNERATION OF DIRECTORS (INCLUDING EXECUTIVE DIRECTORS)				
Income (includes non cash benefits and fringe benefits tax thereon, contributions to superannuation funds, termination payments and premiums for directors' indemnity insurance) paid or payable to all directors of:				
(i) each entity in the Group by the entities of which they are directors or any related parties	765	1,855	-	-
(ii) the Parent Company by the Parent Company or any related parties	-	-	765	1,855

27. REMUNERATION OF DIRECTORS & EXECUTIVES

(a) REMUNERATION OF DIRECTORS
(INCLUDING EXECUTIVE DIRECTORS)

Income (includes non cash benefits and fringe benefits tax thereon, contributions to superannuation funds, termination payments and premiums for directors' indemnity insurance) paid or payable to all directors of:

- (i) each entity in the Group by the entities of which they are directors or any related parties
- (ii) the Parent Company by the Parent Company or any related parties

	Consolidated		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
27. REMUNERATION OF DIRECTORS & EXECUTIVES (cont'd)				
The number of directors of the Parent Company whose remuneration was within the following bands was:			2002 No.	2001 No.
\$0 – \$9,999			2	-
\$10,000 – \$19,999			2	-
\$20,000 – \$29,999			2	6
\$90,000 – \$99,000			1	-
\$210,000 – \$219,000			-	1
\$220,000 – \$229,999			1	-
\$360,000 – \$369,999			1	1
\$1,000,000 – \$1,099,999			-	1
(b) REMUNERATION OF EXECUTIVES				
Remuneration (includes non cash benefits and fringe benefits tax thereon, contributions to superannuation funds, termination payments and premiums for directors' indemnity insurance) received or due and receivable from entities within the Group and related parties by executive officers whose remuneration was \$100,000 or more (including executive directors) of:				
(i) the Parent Company and its Related Entities	2,017	4,115	-	-
(ii) the Parent Company	-	-	1,850	2,971
The number of executive officers whose remuneration from entities in the Group and related parties was within the following bands was:				
\$100,000 - \$109,999	1	7	1	3
\$110,000 - \$119,999	2	3	2	2
\$120,000 - \$129,999	1	4	1	3
\$130,000 - \$139,999	3	1	3	-
\$140,000 - \$149,999	-	1	-	1
\$150,000 - \$159,999	-	1	-	-
\$160,000 - \$169,999	2	-	1	-
\$200,000 - \$209,999	-	1	-	-
\$210,000 - \$219,999	1	-	1	-
\$220,000 - \$229,999	-	2	-	2
\$250,000 - \$259,999	1	-	1	-
\$360,000 - \$369,999	1	1	1	1
\$1,000,000 - \$1,099,999	-	1	-	1
28. AUDITOR'S REMUNERATION				
Remuneration of the auditor of the Parent Entity of:				
- Auditing or reviewing the financial report	50	175	50	175
- Other services	20	70	20	70
- Other services provided by related practice of auditor	-	-	-	-
	70	245	70	245

29. SUPERANNUATION COMMITMENTS

During the year the Group participated in an employer sponsored superannuation fund (Joyce Superannuation Fund) which provides benefits for the retirement of employees. The Fund has an accumulation type benefit.

ACCUMULATION BENEFIT

Benefits are provided on the basis of the accumulation of contributions made by the Group employer and by the member, plus earnings thereon, less income tax and expenses. The employer entity makes contributions that will satisfy the requirements of the Superannuation Guarantee legislation and members have the option to contribute to the Fund.

30. RELATED PARTY INFORMATION

(a) Disclosures relating to directors -

The names of the directors of the Company who held office during the course of the financial year are:

D A Smetana	
D P Buckland	(resigned 16 July 2001)
J F Ries	(appointed on 11 March 2001)
R J M Brown	(resigned 4 July 2002)
I R Carré	(resigned 16 July 2001)
A C Edwards	(resigned 4 July 2002)
P Smetana	(resigned 16 July 2001)
R G Swanson	(did not stand for re-election, resigned effective 8 March 2002)
G G Trollope	(did not stand for re-election, resigned effective 8 March 2002)

- (i) Information with regard to remuneration of directors, including amounts paid to superannuation funds for the benefit of directors, is disclosed in Note 27.
- (ii) The aggregate number of shares and options issued by the Company and held at 30 June 2002 by directors or their director-related entities was 6,640,265 fully paid ordinary shares and 380,000 partly paid ordinary shares.
- (iii) Those directors or their director-related entities received dividend payments which were made on the same basis as those made to other shareholders, and during the year ended 30 June 2002.
- (iv) 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. During the year:
 - (1) professional services amounting to \$3,930 were provided to the Group by Blake Dawson Waldron, a firm in which a ex director, Mr G G Trollope, is a partner; and
 - (2) consulting services amounting to \$552 were provided to the Group by Darrar Pty Ltd, a company in which an ex director, Mr I R Carré, has a substantial financial interest.

30. RELATED PARTY INFORMATION (cont'd)

(b) Disclosures relating to the wholly owned Group -

The wholly owned Group consists of Joyce Corporation Ltd and its wholly owned controlled entities as set out in Note 31. Joyce Corporation Ltd is the ultimate controlling entity. The names of the substantial shareholders in Joyce Corporation Ltd are shown in the Annual Report under 'Shareholder Information'.

	2002 \$'000	2001 \$'000
Transactions between entities in the wholly owned Group consisted of -		
Dividend paid by Joyce Industries Pty Ltd to Joyce Corporation Ltd	529	-
Dividend paid by Sierra Bedding Pty Ltd to Joyce Industries Pty Ltd	167	-
Dividend paid by Bedding Investments Pty Ltd to Joyce Industries Pty Ltd	362	-

Aggregate amounts receivable from wholly owned entities are disclosed in Note 9.

(c) Disclosures relating to other related parties -

The Parent Company and its wholly owned controlled entities trade with certain associated entities in the normal course of business and on an arms length basis. Particulars of the investments in those entities are shown in Note 11.

During the year ended 30 June 2002 transactions occurred between the Group and its associated entities as follows:

	DYMAN FOAMS PTY LTD \$'000	BEDSHED UNIT TRUST \$'000
Sales of goods & services	2,014,117	-
Distributions received	80,000	250,500
Amounts receivable from/ (payable) to associates at end of year		
Loans & advances	140,000	-
Accounts receivable	179,367	122,500
Accounts payable	-	-

31. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Particulars in relation to controlled entities -

Name of Entity	Country of Incorporation	% Owned	
		2002	2001
Parent Company			
Joyce Corporation Ltd	Australia	-	-
Controlled Entities			
Joyce Rural Pty Ltd	Australia	100	100
Bedding Investments Pty Ltd	Australia	100	100
Joyce Industries Pty Ltd	Australia	100	100
Marfoam Pty Ltd	Australia	100	100
Sierra Bedding Pty Ltd	Australia	100	100
Joyce Indpac Limited	Australia	100	100
Randow Pty Ltd	Australia	100	100
Votraint No 610 Pty Ltd	Australia	100	100
Votraint No 611 Pty Ltd	Australia	100	100
Joyce Asia Pty Ltd*	Singapore	100	100
*Audited by a firm other than Hall Chadwick			

32. SIGNIFICANT EVENTS DURING THE YEAR

There were a number of significant changes in the state of affairs of the Group during the financial year under review, as follows:

- July 2001 – sale of the business assets of Davison Industries
- August 2001 – sale of the business assets of Davison Oils
- September 2001 – Deed of Company Arrangement entered into with unsecured creditors
- November 2001 – sale of land and buildings, including all environmental risks, at Pinjarra WA
- December 2001 – new finance facilities arranged
- December 2001 – retirement of Receivers and Managers and Voluntary Administrators

33. EVENTS SUBSEQUENT TO BALANCE DATE

- A contract has been entered into for the sale of Dyman Foams Pty Ltd. The transaction was on the 5th July 2002. The net gain to the company was approximately \$170,000.
- Two of the company directors resigned in July 2002. They were paid redundancies amounting to \$446,500. A provision for this commitment has been made in this financial report (Note 18(b)).

Other than as reported above, no matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

34. COMPANY DETAILS

The registered office of the company is:

Joyce Corporation Ltd
68 Forsyth Street
O'CONNOR WA 6163

The principal place of business is:

Joyce Foam Products – Manufacturing & Distribution Division (Head Office)
5-9 Bridges Road
MOOREBANK NSW 2170

The directors of the Company declare that:

1. The Financial Statements and notes, as set out on pages 3 to 30, are in accordance with the Corporations Act 2001:
 - (a) give a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2002 and of their performance for the year ended on that date; and
 - (b) comply with Accounting Standards and the Corporations Regulations 2001.
2. Following the retirement of the receiver and manager on the 7th of December 2001 and having arranged replacement finance, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors by:



D A SMETANA

Director

DATED at PERTH this 25th day of September 2002

The Directors present their report on the consolidated entity consisting of Joyce Corporation Ltd and the entities it controlled at the end of, or during, the financial year ended 30 June 2002.

Names Of The Directors

The names of directors of Joyce Corporation Ltd during the whole of the year and up to the date of this report are Mr D A Smetana (Chairman), Mr J F Ries (appointed to the Board on 11 March 2002) and Mr F J van Gogh (appointed to the Board on 4 July 2002).

Mr R J M Brown and Mr A C Edwards were directors from the beginning of the financial year until 4 July 2002, the date of their resignations as were Mr D P Buckland, Mr I R Carré and Mr P Smetana whom resigned on 16 July 2001.

Mr G.G. Trollope and Mr R G Swanson withdrew their candidature for re election at the annual General Meeting held on 8 March 2001 and were therefore not re elected to the Board.

Principal Activity

The principal activity of the Group during the financial year was

- the national manufacture and distribution of polyurethane and polystyrene foam products.

Dividends

Directors are of the view that given our recent past and our commitment to significant capital expenditure this year that it is prudent to determine trading and cash flow trends before addressing the quantum of dividends this year. Accordingly a decision will be determined prior to the next annual general meeting.

Review And Results Of Operations

On Group sales for the year of \$70.3 million, an operating profit after tax of \$1.5 million was incurred.

Significant Changes in the State of Affairs During the Financial Year

- July 2001 – sale of the business assets of Davison Industries Pty Ltd a business owned by Joyce Corporation Ltd was sold to Nufarm Ltd
- August 2001 – sale of the business assets of Davison Oils Pty Ltd
- September 2001 – Deed of Company Arrangement entered into with unsecured creditors and retirement of Voluntary Administrators
- November 2001 – sale of land and buildings, including all environmental risks, at Pinjarra WA
- December 2001 – new finance facilities arranged
- December 2001 – retirement of Receivers and Managers
- Reinstatement onto the Australian Stock Exchange occurred on 4 March 2002
- June 2002 – Final payment of unsecured creditors were made as per deed of company arrangement and all official arrangements with Administrators were completed.

Significant Events Since the End of the Financial Year

- A contract has been entered into for the sale of Dyman Foams Pty Ltd. The transaction was on the 5th July 2002. The net gain to the company was approximately \$170,000.
- Two of the company directors were terminated in July 2002. They were paid redundancies amounting to \$446,500. A provision for this commitment has been made in this financial report (Note 18(b)).

Other than as reported above, no matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Future Developments

The Foam Division is relocating and consolidating the foam manufacturing plant from Maribyrnong in Melbourne to Moorebank in Sydney. The Melbourne conversion operation will be relocated to Laverton in Melbourne.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Joyce Corporation holds 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 Group's operations. There have been no material known breaches of the Group's licence conditions.

CORPORATE GOVERNANCE

The directors recognise the need for high standards of corporate behaviour and accountability, and have established a corporate governance framework for the Company.

INFORMATION ON DIRECTORS**D A Smetana, Dip Comm FCPA FAIM FAICD Chairman**

Mr Smetana has been Chairman of Joyce Corporation Ltd since 1984. He is Deputy Chairman of Western Power Corporation, Director and immediate past President of the Industrial Foundation for Accident Prevention, Director of the West Australian Symphony Orchestra, Director of Edge Employment Solutions Inc, WA Chairman and a National Councillor of the Defence Reserves Support Council and a Vice President and Councillor of the WA Federation of Police and Citizens' Youth Clubs (Inc.), Chairman Department of Training Science and Technology Advisory Group, Deputy Chairman Youth Charities Trust, Chairman Bed Shed Franchisors (WA) Pty Ltd.

Interest in shares in the Company: 6,635,265 fully paid shares and 380,000 partly paid shares

J F Ries Non Executive Director, B. Bus FCPA, FAIBF

Mr Ries joined the Board of Joyce Corporation Ltd on 11 March 2002. He previously had a career of 38 years with ANZ Bank, retiring at the end of 1998 as an Executive Director. He is a Director of Members Equity Pty Ltd (a licensed bank) and Chairman of Australian Biotechnology & Healthcare Fund No 3 Limited. Apart from being a director of a number of small private companies, he is also a director of Mercy Health Aged Care Inc., Melbourne and the Catholic Homes for the Elderly Inc., Heidelberg.

Interest in shares: 0 Fully paid shares

F J van Gogh, BE, MBA Chief Operating Officer

Mr van Gogh is 47 years of age and has had responsibility for the operation of the foam group since July 2000 as General Manager. He was appointed Chief Operating Officer in July 2002, following the restructure of Joyce Corporation Ltd. He is a mechanical engineer by profession, and has extensive experience in sales, marketing and general management. Over the past ten years he has held senior management positions in Australia and USA, including President and Managing Director, with international companies involved in engineering and equipment supply to the mining, chemical and oil and gas industries worldwide.

Interest in shares in the Company: 5,000 fully paid shares

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the directors of the Company (including meetings of committees of directors) held during the year ended 30 June 2002, and the number of meetings attended by each director:

	Meeting of the Board of Directors	Audit and compliance	Finance, Investments & Acquisition	Human Resources Planning
No. of meetings held	16	3	-	3
No. of meetings attended				
D A Smetana * # + Δ	16	3	-	3
R J M Brown +	15	3	-	3
D P Buckland * # + Δ	2	2	-	-
I R Carré	2	-	-	-
A C Edwards #	16	-	-	-
G F Latta #	9	-	-	-
J F Ries *+	3	3	-	3
P Smetana *	2	2	-	-
R G Swanson +	12	-	-	12
G G Trollope * Δ	12	12	-	-

* Audit & Compliance Committee member

Finance, Investment & Acquisition Committee member

+ Human Resources Planning Committee member

Δ Corporate Governance Committee member

DIRECTORS' AND EXECUTIVE OFFICER' EMOLUMENTS

The Board's Human Resources Planning Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure that the remuneration package properly reflects the persons duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive directors and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity (and, where appropriate, the operational results of business entities within the Group). Non-Executive directors do not receive any performance related remuneration.

Details of the amount of each element of the emoluments for the financial year ended 30 June 2002 for each director of the Company and the aggregate amounts of those elements for the five officers of the Company and the consolidated entity receiving the highest emolument are:

DIRECTORS' AND EXECUTIVE OFFICER' EMOLUMENTS (CONT'D)

Name of Director or Officer	Base Emoluments Plus Payments for Accrued Leave & in Relation to Termination of Services	Bonuses	Non-cash Benefits (Including superannuation and Fringe Benefits Tax)	Total \$
Directors				
R J M Brown	294,250	-	67,310	361,560
A C Edwards	152,250	-	57,826	210,076
D A Smetana	58,665	-	32,875	91,540
R G Swanson	24,982	-	4,009	28,991
G G Trollope	22,956	-	3,846	26,802
D P Buckland	8,061	-	8,061	16,122
J F Ries	10,763	-	3,625	14,388
I R Carré	7,182	-	575	7,757
P Smetana	7,182	-	575	7,757
Officers of the Parent Entity (excluding the executive directors named above)				
F J van Gogh	174,560	16,792	61,013	252,365
R J McQuillen	114,583	11,000	37,362	162,945
K M Jack	95,067	10,810	28,521	134,398
E J Dodds	93,013	6,500	33,685	133,198
H I LeMerle	78,599	11,550	42,024	132,173
Officers of the Consolidate Entity (excluding the executive directors named above)				
F J van Gogh	174,560	16,792	61,013	252,365
C D Major	137,569	-	29,596	167,165
R J McQuillen	114,583	11,000	37,362	162,945
K M Jack	95,067	10,810	28,521	134,398
E J Dodds	93,013	6,500	33,685	133,198

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial year the Company has paid insurance premiums to insure the directors and officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Group.

SHARE OPTIONS

The Company has a Senior Executives Option Plan, particulars of which are set out in Note 19 to the Financial Statements. No Plan options were issued during the financial year, or have been issued since.

ROUNDING OFF OF AMOUNTS

The Company is a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors by -



D A SMETANA

Director



FJ VAN GOGH

Director

DATED at PERTH this 25th day of September 2002

SCOPE

We have audited the Financial Report of Joyce Corporation Ltd and its controlled entities for the financial year ended 30 June 2002 as set out on pages 3 to 31.

The Financial Report includes the consolidated financial statements 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. The Company's directors are responsible for the Financial Report. We have conducted an independent audit of the Financial Report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Financial Report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the Financial Report of Joyce Corporation Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

HALL CHADWICK
Chartered Accountants



MAURICE LANGHIE
Partner

DATED at PERTH this 25th day of September 2002

The Board of directors of Joyce Corporation Ltd has established a corporate governance framework embodying a range of principles and practices under which the Board carries out its duties and obligations on behalf of shareholders and other stakeholders. A description of the Company's main corporate governance practices is set out below.

Role of the Board

The Board of directors is responsible for the corporate governance of the Company and its subsidiaries. The directors are committed to increasing shareholder wealth, ensuring that the Company is properly managed and that the rights and interests of all stakeholders are protected. This commitment is underpinned by the adoption of sound corporate governance practices which best address the directors' accountability to shareholders and other stakeholders and which support high standards of legislative compliance and financial and ethical behaviour.

Board Composition

The Company recognises the importance of having a balanced board comprised of directors with an appropriate range of backgrounds, skills and experience. The Board comprises three directors, two of whom are non-executive directors. Details of the experience and qualifications of the Company's directors are set out in the Directors report. It is a Board policy that a majority of the directors be independent non-executive directors and that non-executive directors have, in the furtherance of their duties, reasonable access to professional advice at the Company's expense.

All non-executive directors are expected to voluntarily review their membership of the Board from time to time taking into account their length of service, age, qualifications and the relevance of their expertise to the Company's current activities, together with the other criteria considered desirable in the composition of a balanced board and in the overall interests of the Company.

To increase its effectiveness, the Board is supported by the following committees, which have responsibility for particular areas. Membership of these committees is comprised of non-executive directors.

Audit Compliance & Governance Committee

The role of the Audit Compliance & Governance Committee is to:

- review the financial information and reports issued by the Company;
- ensure that appropriate accounting policies and procedures and information systems are in place;
- satisfy itself as to the adequacy and integrity of the Company's internal control policies and procedures and that those policies and procedures ensure the integrity of financial reporting and safeguard the Company's assets;
- review the scope and effectiveness of the internal and external audit functions, the results of those audits and ensure that appropriate follow up action is taken where required;
- ensure that business risks are identified and that effective risk management systems are in place;
- ensure that legal and other compliance requirements are satisfied;
- review the terms of engagement, performance and remuneration of the external auditor;
- address any other matters specifically referred to by the Board.

The Audit Compliance & Governance Committee meets at least quarterly.

The Committee also addresses issues relating to corporate governance matters generally including the functions and performance of the Board, codes of practice and ethical issues. The Board recognises and endorses the need for high standards of corporate behaviour and accountability, and is guided by publications such as "Code of Conduct" which is published by the Australian Institute of Company Directors.

All employees are required to comply with the requirements of applicable regulatory and professional bodies and with Company policies, including maintaining standards of honesty, integrity and fair dealings in the performance of their duties and responsibilities. In addition, the Company has established guidelines for directors and employees which impose restrictions on dealings in the Company's shares during periods when they may have or may be perceived to have relevant unpublished price sensitive information.

Human Resources Planning Committee

The Committee reviews and makes recommendations to the Board on a range of human resources related matters such as succession planning, incentive programs, employee share plans, remuneration and superannuation.

The Committee is also responsible for the nomination of candidates for the position of director of the Company.

Executive Director

Mr F J van Gogh

Non-Executive Directors

Mr D A Smetana (Chairman)

Mr J F Ries

Company Secretary

Mr E J Dodds

Committees of the Board

Audit Compliance & Governance Committee

Mr J F Ries (Chairman)

Mr D A Smetana

Mr F J van Gogh (ex officio)

Mr E.J. Dodds (ex officio)

Human Resources Planning Committee

Mr D A Smetana (Chairman)

Mr J F Ries

Mr F J van Gogh (ex officio)

Mr L Smith (independent consultant, director - Gerard Daniels Australia Pty Ltd)

The information set out below was current as at 17th September 2002 –

ANALYSIS OF NUMBER OF SHAREHOLDERS BY SIZE OF HOLDING

Size of Holding			Fully Paid Shares	Partly Paid Shares
1	-	1,000	338	-
1,001	-	5,000	462	-
5,001	-	10,000	174	-
10,001	-	100,000	164	-
100,001	&	Over	19	1
			1 157	1

Twenty Largest Shareholders

(a) Fully Paid Shares	No. of Shares	Percentage of Issued capital
Peduncle Pty Ltd	2,697,936	14.66
D A & J G Smetana	1,993,789	10.83
Donald Teo	900,000	4.89
Trafalga Place Nominees	878,707	4.77
Commonwealth Custodial Services Limited	815,600	4.43
D A Smetana	736,361	4.00
Argo Investments Limited	591,729	3.22
AMP Life Limited	488,289	2.65
Adamic Pty Ltd	451,056	2.45
G G Trollope	364,477	1.98
Pynland Pty Limited	295,866	1.61
J M Wright	245,000	1.33
R H Bartlett	238,225	1.29
Anatems Pty Ltd	234,721	1.28
K G Bartley & R G Bartley & A J Bartley	140,000	0.76
Biospace Investments Limited	125,800	0.68
J Roberman	115,000	0.62
Pavar Pty Ltd	103,000	0.56
A C Edwards	101,500	0.55
Dunbar-65 Pty Ltd	91,000	0.49
	11,608,056	63.05
(b) Partly Paid Shares		
D A Smetana	380,000	100.0

Substantial Shareholders

The following information is extracted from the Company's Register of Substantial Shareholders. This information is contained in the most recent notices received from the respective substantial shareholders and may not necessarily reflect their current interests in shares of the Company.

Name of Substantial Shareholder	No. of Fully Paid Shares	No. of Partly Paid Shares
D A Smetana	6,635,265	380,000
D Teo	900,000	-

Voting Rights at General Meetings of Shareholders

Fully paid shares – holders of fully paid shares who are present in person, or by proxy, shall have one vote on a show of hands and upon a poll shall have one vote for each fully paid share held.

Partly paid shares – holders of partly paid shares shall not have voting rights on a show of hands, but in the event of a poll, shall have voting rights proportioned in the ratio that the amount paid up bears to the issue price.

Enquiries and Notifications by Shareholders

Enquiries or notifications by shareholders regarding their shareholdings or dividends should be directed to the Company's share registry:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000 Facsimile: (08) 9323 2033
Website: www.computershare.com

When communicating with the share registry, it will assist if you can quote your current address together with your Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored / CHES statements.

Change of Name, Address or Banking Details

Shareholders who have changed their name, address or banking details should notify the Company's share registry in writing.

Removal from Annual Report Mailing List

Shareholders who do not wish to receive an Annual Report should contact the Company's share registry which will arrange this. All shareholders will continue to receive notice of general meetings and other notices and information issued by the Company to its shareholders.

Stock Exchange Listing

The Company's shares are quoted on the Australian Stock Exchange Limited (ASX). The code under which the Company's shares are traded on the ASX is JYC. Details of share prices and trading activity are published in the share tables of daily newspapers and are also available through other electronic and printed media.

Uncertified Share Register

The Company's share register is uncertificated. Two forms of uncertificated holdings are available to shareholders.

Issuer sponsored holdings. This type of holding is sponsored by the Company and does not require sponsorship by a stockbroker.

Broker sponsored holdings. Shareholders may arrange to be sponsored by a stockbroker who will require you to sign a sponsorship agreement. This type of holding may be preferred by regular stockmarket traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders within five business days after the end of any month in which transactions occur that alter the balance of your holding.

Publications

The Annual Report is the main source of information for shareholders. In addition, shareholders are sent a half year report which reviews, in summary, the six months to 31 December. A copy of the Chairman's address given at the annual general meeting in November is also sent to shareholders, and other relevant information will be sent to shareholders from time to time. Copies of such publications are available on request.

2002 Annual General Meeting

The Annual General Meeting of Joyce Corporation Ltd for the year ended 30 June 2002 will be held at the Parmelia Hilton, Mill Street, Perth on 8 November 2002 commencing at 10.00am. Full details of the business of the meeting are contained in the separate Notice of Meeting sent to shareholders.





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Phone: 08 9314 4711

Fax: 08 9314 2236

website - www.joyce.com.au