

JOYCE CORPORATION LTD AND CONTROLLED ENTITIES

ABN: 80 009 116 269

**Annual Financial Report For The Year Ended
30 June 2009**

JOYCE CORPORATION LTD AND CONTROLLED ENTITIES

30 June 2009

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**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr D A Smetana (appointed 30/11/84)
Mr M A Gurry (appointed 8/05/07)
Mr T R Hantke (appointed 9/06/06)
Mr R Mahoney (appointed 23/03/07)
Mr A Mankarios (appointed 26/02/08)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following persons held the position of Company Secretary during the financial year and until the date of this report:

Mr M J McLean (resigned 10/08/09)

Malcolm McLean joined Bedshed in January 2006 as Financial Controller and has worked in a number of organisations involved in the oil industry, IT consulting, financial services and retail. He was appointed Company Secretary for Joyce Corporation Ltd in June 2006 and has over twenty years experience in the accounting and finance fields. Malcolm is a Member of the Australian Society of Certified Practising Accountants.

Mr Jamie Armes B.Bus CA (appointed 10/8/09)

Mr Armes is a Chartered Accountant with over 16 years experience within the profession and commerce. He has previously held senior financial positions within mining and investment companies as well as acting as Company Secretary for ASX listed entities.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

Rental of investment properties.

Franchisor of the Bedshed chain of retail bedding stores

Owner of a number of Bedshed retail stores. New stores opened during the year included Cockburn (WA), Wodonga (VIC), Helensvale (QLD), Mittagong (VIC). The Company acquired the Claremont (WA) store from a franchisee during the financial year.

There were no significant changes in the nature of the consolidated groups principal activities during the financial year.

Dividends Paid or Recommended

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

Ordinary final dividend payable November 2008 (3 cents per share)	\$621,049
Ordinary interim dividend paid May 2009 (1.5 cents per share)	\$310,524

The determination of the final dividend has been deferred until the purchaser of the Queensland property has completed their due diligence review, which is a condition precedent to the sale.

Review of Operations and Operating Results

The 2009 year proved to be a challenging year for retailers with the global downturn significantly affecting consumer spending, however, despite the challenges of the economic environment the Company managed to expand the Bedshed network through the addition of four new company owned and operated stores as well as one new franchised store. Whilst new stores will require time to provide their targeted return it is anticipated that the investments made this year will result in a stronger Bedshed brand nationally and have a positive impact on the operations of the Company in the future.

The underlying operations of the company remain strong with a 24% increase in underlying profit on the previous year, which is demonstrated in the table below detailing the underlying performance of the Company.

Underlying Profit Reconciliation Table

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Net Profit/Loss before tax as per Income Statement	(2,046)	2,066	(1,569)	534
Adjustments to arrive at underlying profit				
Gain on disposal of investment property	-	(1,629)	-	(1,629)
Legal costs associated with franchisee actions	829	839	-	-
Revaluation of investment properties	2,820	14	-	-
Net effect of underlying profit/(loss) adjustments	<u>3,649</u>	<u>(776)</u>	<u>-</u>	<u>(1,629)</u>
Underlying profit before tax	<u>1,603</u>	<u>1,290</u>	<u>(1,569)</u>	<u>(1,095)</u>

This table has been prepared in accordance with AICD/Finsia principles for underlying profit.

The net loss after tax for the 30 June 2009 financial year was \$1,329,000 compared to a net profit after tax of \$2,066,000 for 2008. The loss for the year was primarily a consequence of a reduction in the value of the Group's investments properties of \$2,820,000 (2008: \$14,000). The reduction was based on independent valuations that indicated that it was prudent to recognise a decrease in value as property markets softened as a result of economic conditions. This resulted in a significant impact on the current year results, however, it should be recognised that the 2008 results included a gain on the disposal of the South Australian property of \$1,629,000.

The Company continued to incur significant legal expenses in defending a number of legal actions with our franchisees despite having been successful in defending the three actions that have been concluded to date.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Financial Position

The reduction in value of the Company's investment properties detailed above has resulted in net assets reducing by \$2,244,000 to \$24,243,000 from \$26,487,000 in 2008.

The debt to equity ratio of the group decreased from 38% to 37% during the financial year. The proposed sale of the Queensland property that was announced 6 August 2009 will provide additional funds with which to further reduce the debt levels of the Company.

Significant Changes in State of Affairs

The following matter has occurred during 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.

- The expansion of Company operated Bedshed stores
- The revaluation of investment properties taking contract rental income into account.

After Balance Date Events

On 6 August 2009, the Company announced that a conditional offer had been accepted on the Brendale property in Queensland for \$7.75m. The agreement is subject to the purchaser undertaking due diligence on the property. This due diligence is to be completed by 30 September 2009. Settlement has been negotiated to occur no later than 30 June 2010.

Except for the above disposal, no matters or circumstances have arisen since the end of the financial year which significantly affect 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.

Future Developments, Prospects and Business Strategies

The Company will look to further develop the Bedshed business through the expansion of its network of franchised stores whilst seeking to improve the financial performance of company owned and operated stores. Currently only one new company operated store located in Warners Bay, New South Wales is scheduled to be opened during the 2010 financial year, this will allow management to focus their activities on extracting better trading performance from existing stores and assisting franchisees in implementing operational improvements gained through the experience of managing of company operated stores. Single digit growth is expected in the coming year as retail trading improves on the back of increasing consumer confidence.

Environmental Issues

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 Groups properties. There has been no material known breaches associated with the Groups licence conditions.

As part of the ongoing testing of Joyce Corporation owned sites, it was found that traces of a chemical used by Joyce Foam Products was detected in the groundwater at the Moorebank property in NSW and the Elizabeth property in SA. The levels found were not high and to be prudent the Department of Environment and Conservation were notified.

Confirmation has been received from the Department of Environment and Conservation that no remediation work is required due to the low risk of harm to the environment at both of these locations, however, an ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found. The expected cost to monitor the groundwater will be low as bore holes have already been established. If future remedial work is required at the South Australian property, Joyce Corporation will be responsible under a condition of the sale contract.

Information on Directors

Mr D A Smetana

Qualifications
Experience

- Non-Executive Chairman
- Dip Comm FCPA FAIM FAICD
- Mr Smetana has been Chairman of Joyce Corporation Ltd since 1984. He is also the Chairman of Bedshed Franchising Pty Ltd. He is a Director and President of the Industrial Foundation for Accident Prevention, Director of Edge Employment Solutions Inc, Vice President and Councillor of the WA Federation of Police and Community Youth Centres (Inc.), Director of Uranium Australia Ltd, a Director of St John of God Foundation and Chairman of the St John of God Comprehensive Cancer Centre Fundraising Committee.

His past board memberships include: Deputy Chairman of Youth Focus Inc (1998 - 2007), Deputy Chairman Western Power Corporation and Chairman of its Finance Committee until 2003, Chairman and National Councillor of the Defence Reserves Support Council - WA (1997 - 2006), Director of WA Symphony Orchestra until 2003.

His awards include the Ian Chisolm Award for Distinguished Service to Occupational Health & Safety, 2003 Centenary Medal for Service to Commerce and the Community and 1998 - WA Business Executive of the Year.

Interest in Ordinary Shares
Interest in Options

- 7,079,932
- Nil

Mr M A Gurry

Qualifications
Experience

- Non-Executive Director
- Bachelor of Science Dip AICD FAICD FAIM SF Fin
- Mr Gurry was Managing Director of HBF from 1995 to 2007 and prior to that he was President Asia Pacific of the DMR Group Ltd, an international consulting firm. From 1996 to 1999 he was Vice President of the Asian Association of Management Organisations, from 1997 to 1999 National President of the Australian Institute of Management and from 1999 to 2008 Chairman of United Way WA Inc. Mr Gurry is Chairman of Foundation Housing Limited, Deputy Chairman of the Forest Products Commission, and Chairman of Reignite Pty Ltd and has served on numerous Boards including the Australian Health Insurance Association, The Australian Information Industry Association, The West Australian Ballet and Integrated Group Ltd. Mr Gurry is also chair of St Marys Cathedral Precinct Development Committee.

Interest in Ordinary Shares
Interest in Options
Special Responsibilities

- Nil
- Nil
- Chairman of Audit Committee

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Mr T R Hantke	—	Non-Executive Director
Qualifications	—	Bachelor of Commerce, FAIM, FAICD
Experience	—	Mr Hantke is Managing Director of his own consulting practice, Franchising Solutions Pty Ltd. Prior to this he was the CEO of Snap Franchising from 1988 - 2001. He has been a Director of Bedshed Franchising Pty Ltd since February 2002 and was appointed to the Joyce Board in June 2006. He was a board member of the Franchise Council of Australia 1989 - 1996; Member of Franchise Policy Council 1997 - 2002; is currently a Member of the ACCC's Franchise Consultative Committee; Board Member of Lifeline WA and a National Board Member of Lifeline Australia since 2002, and the Chairman of Co-operative Purchasing Services Pty Ltd. Mr Hantke has extensive managerial experience in both small and large organisations and in various industries.
Interest in Ordinary Shares	—	Nil
Interest in Options	—	Nil
Special Responsibilities	—	Chairman of Remuneration Committee
Mr R Mahoney	—	Executive Director
Qualifications	—	Fellow of the Australian Institute of Management (FAIM) Member of the Institute of Company Directors (MAICD)
Experience	—	Mr Mahoney has been the Managing Director of Bedshed Franchising Pty Ltd and Joyce Corporation Ltd since January 2007. Prior to joining Joyce and Bedshed Mr Mahoney worked for Shell Oil in various executive positions in Europe, New Zealand and Australia. Latterly Mr Mahoney was the Strategic Projects Manager for the Retail Division in Australia. His previous role was as the General Manager of the Shell retail business in New Zealand. Mr Mahoney has over twenty years experience in retail management in various countries and has also served on several Boards in New Zealand.
Interest in Ordinary Shares	—	18,000
Interest in Options	—	Nil
Mr A Mankarios	—	Non-Executive Director
Qualifications	—	Fellow of the Australian Institute of Company Directors, Master of Business Administration (SGSM), Mr Mankarios has been the Managing Director of Oldfields Holdings Ltd since 2002 and has been a Director of Bedshed Franchising Pty Ltd since February 2008. Mr Mankarios has been a Board Member of Oldfields Holdings Ltd since 2001 and has thirteen years experience in the running and administration of a group of companies in the paint industry.
Interest in Ordinary Shares	—	505,289
Interest in Options	—	Nil
Directorships held in other listed entities	—	Oldfields Holdings Ltd

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company and includes the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the Chief Executive, Executives and Company Secretary of the Parent and Group.

Details of key management personnel (including the executives of the Company and the Group)

Mr D A Smetana	Director and Chairman
Mr M A Gurry	Director
Mr T R Hantke	Director
Mr R Mahoney	Managing Director
Mr A Mankarios	Director
Mr M McLean	Company Secretary (Resigned 10 August)
Mr G Culmsee	General Manager of Operations (Appointed 1 August 2008)
Mr S Jones	National Merchandise Manager
Ms S Freedman	National Marketing Manager

A change in the organisational and authority structures of the Company during the year has resulted in a number of employees no longer being classified as key management personnel as defined by accounting standards.

Remuneration Committee

The Remuneration Committee Charter establishes the role of the Remuneration Committee which is to review and make recommendations on Board and executive Director remuneration; senior management remuneration; executive share plan participation; human resource and remuneration policies; and senior management succession planning, appointments and terminations.

The main responsibilities of the Remuneration Committee includes reviewing and making recommendations on remuneration policies for the company including, in particular, those governing the directors, Managing Director and senior management.

The Remuneration Committee comprises a majority of non-executive directors and at least three members. The Chairman of the committee is appointed by the Board and must be a non-executive director.

The Remuneration Committee is required to meet as and when required by the Chairman. The committee may invite persons deemed appropriate to attend meetings and may take such independent advice as it considers appropriate. Any committee member may request the Chairman call a meeting.

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

Remuneration Policies

Remuneration levels for key management personnel of the Group are competitively set to attract, retain and motivate appropriately qualified and experienced directors and executives.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Non- Executive Directors

Non-Executive Directors' fees are paid within the aggregate amount approved by shareholders from time to time. Total remuneration for all Non-Executive Directors, last approved by shareholders on 20 November 2006, is not to exceed \$400,000 per annum. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable peer companies with similar responsibilities, and the experience of each Non-Executive Director when undertaking the review process. Directors' fees cover all main Board activities (including membership of committees).

Executive Remuneration

All executives receive a base salary (which is based on market rates for that position), superannuation, fringe benefits and short term performance incentives.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process involves the review of Company and individual performance, and relevant comparative remuneration in the market.

Variable Remuneration - Short Term Incentive

The goals consist of a number of key performance indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are contribution to net profit before tax, cash targets and departmental functional KPI's. At the end of the financial year the Board assesses the actual performance of the Group, the relevant segment and individual against the KPIs set at the beginning of the financial year. Should the Group achieve the set KPIs, the Board will reward the key management personnel with a bonus during the salary review. A percentage of a pre-determined maximum amount is awarded depending on results. No bonus is awarded where performance falls below the minimum.

Company performance, Shareholder Wealth and Director and Executive remuneration

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2009	2008	2007	2006	2005
	\$000	\$000	\$000	\$000	\$000
Revenue	27,847	18,068	15,092	7,157	1,689
Net Profit	(1,329)	2,066	3,197	4,451	2,539
Share Price at Year-end	0.41	1.08	1.26	1.03	0.72
Dividends (Cents) Paid	4.50	9.00	9.50	11.50	5.00

The sale of the Joyce Foam business in November 2005 resulted in the 2006 Financials restated to exclude the foam businesses.

Joyce Corporation Ltd acquired 100% of Bedshed Franchising Pty Ltd in April 2006, having previously held 49% shareholding.

Employment Contracts

The employment conditions of the Managing Director, Mr R Mahoney and the specified executives are formalised in contracts of employment. Other than the Managing Director, who is employed by Joyce Corporation Ltd all other executives are permanent employees of Bedshed Franchising Pty Ltd.

Managing Director

The Managing Director, Mr Mahoney is employed under a rolling contract. Under the terms of the contract Mr Mahoney may resign from his position by giving 3 months written notice. The Company may terminate the contract by providing 6 months written notice and providing payment in lieu of notice based on 9 months of the base salary package.

The Company may terminate the contract immediately where gross misconduct occurs. Where termination with cause occurs Mr Mahoney is only entitled to that portion of remuneration that is fixed up to the date of termination.

The contract can be terminated at any time by mutual agreement between the Company and the Managing Director. The agreement may also be terminated at any time if Mr Mahoney is rendered unable to perform his duties due to illness for any period aggregating more than 4 months in period of 12 months or for any continuous period of 3 months.

The contract may be terminated by Mr Mahoney by giving 7 days notice if there has been a material diminution in the employees status. Upon such termination Mr Mahoney shall be entitled to payment of an amount equal to 6 months base salary.

Other Executives

All executives have rolling contracts. The Company can terminate the contract by providing two months written notice or providing payment in lieu of the notice period (based on the fixed component of the executives remuneration). The Company may terminate an executive without notice for serious misconduct without notice. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed up to the date of termination.

Details of remuneration for the year ended 30 June 2009

The remuneration for each Director and each of the executive officers of the consolidated entity during the year was as follows:

	Short-term benefits				Post
	Cash, salary & commissions	Cash bonus	Non-cash benefit	Other	Employment
	\$000	\$000	\$000	\$000	Superannuation
					\$000
2009					
Key Management Perso					
Mr D A Smetana	23	-	-	-	119
Mr M A Gurry	67	-	-	-	6
Mr T R Hantke	-	-	-	-	73
Mr R Mahoney	273	122	-	-	50
Mr A Mankarios	55	-	-	-	-
Mr M McLean	131	5	14	-	40
Mr G Culmsee	149	-	23	-	13
Mr S Jones	168	24	25	-	22
Ms S Freedman	126	23	-	-	13
	<u>992</u>	<u>174</u>	<u>62</u>	<u>-</u>	<u>336</u>

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other \$000	Equity \$000	Options \$000	\$000	%
2009					
Key Management Person					
Mr D A Smetana	-	-	-	142	-
Mr M A Gurry	-	-	-	73	-
Mr T R Hantke	-	-	-	73	-
Mr R Mahoney	-	-	-	445	30%
Mr A Mankarios	-	-	-	55	-
Mr M McLean	-	-	-	190	11%
Mr G Culmsee	-	-	-	185	-
Mr S Jones	-	-	-	239	11%
Ms S Freedman	-	-	-	162	15%
	-	-	-	1,564	

	Short-term benefits				Post Employment Benefits
	Cash, salary & commissions \$000	Cash bonus \$000	Non-cash benefit \$000	Other \$000	Superannuation \$000
2008					
Key Management Person					
Mr D A Smetana	29	-	-	-	136
Mr M A Gurry	41	-	-	-	29
Mr T R Hantke	-	-	-	-	66
Mr R Mahoney	289	-	-	-	49
Mr A Mankarios	18	-	-	-	-
Mr M McLean	122	-	14	-	12
Mr J Wrathall	132	-	-	-	12
Mr R Parker	108	-	-	-	10
Mr T Goggin	61	-	-	-	6
Mr D Sanders	22	-	4	-	2
Mr M Zietoune	99	-	-	-	9
Mr S Jones	135	-	25	-	20
Ms M Vlahos	54	-	-	-	5
Ms S Freedman	95	-	-	-	9
Mr J Lewis	79	-	15	-	24
	1,284	-	58	-	389

	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other \$000	Equity \$000	Options \$000	\$000	%
2008					
Key Management Person					
Mr D A Smetana	-	-	-	165	-
Mr M A Gurry	-	-	-	70	-
Mr T R Hantke	-	-	-	66	-
Mr R Mahoney	-	-	-	338	-
Mr A Mankarios	-	-	-	18	-
Mr M McLean	-	-	-	148	-
Mr J Wrathall	-	-	-	144	-
Mr R Parker	-	-	-	118	-
Mr T Goggin	-	-	-	67	-
Mr D Sanders	-	-	-	28	-
Mr M Zietoune	-	-	-	108	-
Mr S Jones	-	-	-	180	-
Ms M Vlahos	-	-	-	59	-
Ms S Freedman	-	-	-	104	-
Mr J Lewis	-	-	-	118	-
	-	-	-	1,731	

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
REPORT OF THE DIRECTORS'**

Meetings of Directors

During the financial year, nineteen meetings of Directors (including committees of Directors) were held. Attendances by each director during the year were as follows:

Directors'		Committee Meetings				
Number eligible to attend	Number attended	Audit		Remuneration		
		Number eligible to attend	Number attended	Number eligible to attend	Number attended	
Mr D A Smetana	11	10	4	4	-	-
Mr M A Gurry	11	11	4	4	-	-
Mr T R Hantke	11	10	4	4	4	4
Mr R Mahoney	11	11	-	-	4	2
Mr A Mankarios	11	11	4	4	4	4

Directors' names
Mr D A Smetana
Mr M A Gurry
Mr T R Hantke
Mr R Mahoney
Mr A Mankarios

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company paid a premium of \$39,080 to insure all of the directors 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 of the Company, other than conduct involving a wilful breach of duty in relation to

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

	\$
Taxation services	37,000
	<u>37,000</u>

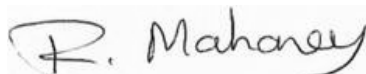
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received.

ASIC Class Order 98/100 Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

This Report of the Directors', incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Mr R Mahoney
DIRECTOR

25 September 2009

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**Auditor's Independence Declaration
To The Directors of Joyce Corporation Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Joyce Corporation Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit and Assurance Services

Perth, 25 September 2009

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JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenue	2	26,658	15,155	-	-
Cost of sales		(10,914)	(5,261)	-	-
Gross Profit		15,744	9,894	-	-
Other revenue	2	1,189	913	931	577
Other income	2	59	409	-	170
Distribution expense		(860)	(463)	-	-
Marketing expenses		(923)	(7)	(18)	-
Occupancy expenses		(3,003)	(1,486)	-	-
Administration expense		(10,230)	(7,567)	(1,381)	(889)
Other expenses		(30)	(373)	(30)	(25)
Loss on revaluation of investment property		(2,820)	(14)	-	-
Finance costs		(1,172)	(869)	(1,071)	(928)
Gain on sale of investment property		-	1,629	-	1,629
Profit before income tax	3	(2,046)	2,066	(1,569)	534
Income tax benefit	4	717	-	-	-
Profit from continuing operations		(1,329)	2,066	(1,569)	534
Profit attributable to minority equity interest		-	-	-	-
Profit attributable to members of the parent entity		(1,329)	2,066	(1,569)	534
Overall Operations					
Basic earnings per share (cents per share)	8	(6.42)	9.98		
Diluted earnings per share (cents per share)	8	(6.42)	9.98		
Continuing Operations					
Basic earnings per share (cents per share)	8	(6.42)	9.98		
Diluted earnings per share (cents per share)	8	(6.42)	9.98		

Underlying Operating Profit Before Tax

The underlying profit before tax for the consolidated entity for the year ended 30 June 2009 was \$1,603,000 (2008: \$1,290,000). Refer to note 3(a) for a reconciliation of underlying profit to net profit/(loss) before tax.

The accompanying notes form part of these financial statements.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
BALANCE SHEETS AS AT 30 JUNE 2009**

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	3,519	4,687	4	106
Trade and other receivables	10	3,021	9,447	7,550	4,428
Inventories	11	6,090	4,148	-	-
Other assets	17	1,218	178	76	72
		<u>13,848</u>	<u>18,460</u>	<u>7,630</u>	<u>4,606</u>
Non-current assets classified as held for sale	27	7,550	-	-	-
TOTAL CURRENT ASSETS		<u>21,398</u>	<u>18,460</u>	<u>7,630</u>	<u>4,606</u>
NON-CURRENT ASSETS					
Trade and other receivables	10	377	528	18,662	24,885
Other financial assets	12	6	6	1,891	1,891
Property, plant and equipment	14	2,721	2,705	516	513
Investment property	15	10,430	20,800	-	-
Deferred tax assets	20	250	262	-	-
Intangible assets	16	10,225	9,116	-	-
		<u>24,009</u>	<u>33,417</u>	<u>21,069</u>	<u>27,289</u>
TOTAL NON-CURRENT ASSETS		<u>24,009</u>	<u>33,417</u>	<u>21,069</u>	<u>27,289</u>
TOTAL ASSETS		<u>45,407</u>	<u>51,877</u>	<u>28,699</u>	<u>31,895</u>
CURRENT LIABILITIES					
Trade and other payables	18	4,859	7,728	142	198
Borrowings	19	4,578	4,957	4,462	4,820
Current tax liabilities	20	83	-	-	-
Short-term provisions	21	590	474	308	261
		<u>10,110</u>	<u>13,159</u>	<u>4,912</u>	<u>5,279</u>
TOTAL CURRENT LIABILITIES		<u>10,110</u>	<u>13,159</u>	<u>4,912</u>	<u>5,279</u>
NON-CURRENT LIABILITIES					
Borrowings	19	8,475	8,514	7,939	7,938
Deferred tax liabilities	20	2,358	3,169	-	-
Other long-term provisions	21	221	548	189	535
		<u>11,054</u>	<u>12,231</u>	<u>8,128</u>	<u>8,473</u>
TOTAL NON-CURRENT LIABILITIES		<u>11,054</u>	<u>12,231</u>	<u>8,128</u>	<u>8,473</u>
TOTAL LIABILITIES		<u>21,164</u>	<u>25,390</u>	<u>13,040</u>	<u>13,752</u>
NET ASSETS		<u>24,243</u>	<u>26,487</u>	<u>15,659</u>	<u>18,143</u>
EQUITY					
Issued capital	22	15,634	15,617	15,634	15,617
Reserves	30	4,694	4,694	-	-
Retained earnings		3,915	6,176	25	2,526
		<u>24,243</u>	<u>26,487</u>	<u>15,659</u>	<u>18,143</u>
TOTAL EQUITY		<u>24,243</u>	<u>26,487</u>	<u>15,659</u>	<u>18,143</u>

The accompanying notes form part of these financial statements.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009**

<u>Share Capital</u>					
Note	Ordinary	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
	\$000	\$000	\$000	\$000	\$000
Consolidated Group					
Balance at 1 July 2007	15,595	4,644	2,231	2,959	25,429
Profit attributable to members of parent entity	-	2,066	-	-	2,066
Payment received on partly paid shares	22	-	-	-	22
Transfers to and from reserve					
— Asset Revaluation	-	708	(708)	-	-
Deferred Tax Liability	-	-	212	-	212
Sub-total	15,617	7,418	1,735	2,959	27,729
Dividends paid or provided for	7	(1,242)	-	-	(1,242)
Balance at 30 June 2008	15,617	6,176	1,735	2,959	26,487
Payment received on partly paid shares	17	-	-	-	17
(Loss)/Profit attributable to members of parent entity	-	(1,329)	-	-	(1,329)
Sub-total	15,634	4,847	1,735	2,959	25,175
Dividends paid or provided for	7	(932)	-	-	(932)
Balance at 30 June 2009	15,634	3,915	1,735	2,959	24,243

The accompanying notes form part of these financial statements.

<u>Share Capital</u>					
Note	Ordinary	Retained Earnings	Asset Revaluation	Financial Assets Reserve	Total
	\$000	\$000	\$000	\$000	\$000
Parent Entity					
Balance at 1 July 2007	15,595	2,524	497	-	18,616
Profit attributable to members of parent entity	-	535	-	-	535
Transfers to and from reserves					
— Asset Revaluation	-	709	(709)	-	-
Payment received on partly paid shares	22	-	-	-	22
Deferred Tax Liability	-	-	212	-	212
Sub-total	15,617	3,768	-	-	19,385
Dividends paid or provided for	7	(1,242)	-	-	(1,242)
Balance at 30 June 2008	15,617	2,526	-	-	18,143
Payment received on partly paid shares	17	-	-	-	17
(Loss)/Profit attributable to members of parent entity	-	(1,569)	-	-	(1,569)
Sub-total	15,634	957	-	-	16,591
Dividends paid or provided for	7	(932)	-	-	(932)
Balance at 30 June 2009	15,634	25	-	-	15,659

The accompanying notes form part of these financial statements.

JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		34,231	16,449	219	430
Interest received		16	5	930	519
Payments to suppliers and employees		(35,564)	(17,625)	(1,781)	(1,074)
Finance costs		(1,172)	(868)	(1,071)	(847)
Net cash used in operating activities	26	<u>(2,489)</u>	<u>(2,039)</u>	<u>(1,703)</u>	<u>(972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investment property		4,200	-	4,200	-
Purchase of property, plant and equipment		(436)	(1,816)	-	-
Purchase of other non-current assets		-	(142)	-	-
Loans to associated entities		-	715	-	-
Payment for intangible assets		(1,109)	-	-	-
Loans to controlled entities		-	-	(1,326)	(2,710)
Net cash provided by (used in) investing activities		<u>2,655</u>	<u>(1,243)</u>	<u>2,874</u>	<u>(2,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	4,910	-	4,910
Proceeds received from partly paid shares		17	22	17	22
Repayment of borrowings		(419)	-	(358)	-
Dividends paid by parent entity		(932)	(1,242)	(932)	(1,242)
Net cash provided by (used in) financing activities		<u>(1,334)</u>	<u>3,690</u>	<u>(1,273)</u>	<u>3,690</u>
Net increase in cash and cash equivalents held		(1,168)	408	(102)	8
Cash and cash equivalents at beginning of financial year	9	<u>4,687</u>	<u>4,279</u>	<u>106</u>	<u>98</u>
Cash and cash equivalents at end of financial year	9	<u><u>3,519</u></u>	<u><u>4,687</u></u>	<u><u>4</u></u>	<u><u>106</u></u>

The accompanying notes form part of these financial statements.

JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

This financial report was authorised for issue in accordance with a resolution of the Directors on 25 September 2009 and includes the consolidated financial statements and notes of Joyce Corporation Ltd and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Joyce Corporation Ltd as an individual parent entity ('Parent Entity').

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which Joyce Corporation Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

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

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The method of inventory valuation is weighted average cost.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	5-33%
Plant and equipment	6%
Leased plant and equipment	16-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Investment Property

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment properties are carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income/expenses.

(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 that are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(g) Impairment of Non-Financial Assets Other Than Goodwill

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(h) Intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated included:

- Bedshed Franchising cash generating unit
- Bedshed Claremont cash generating unit
- Bedshed Joondalup cash generating unit

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

The Group performs its impairment testing as at 30 June each year using a value in use, discounted cash flow methodology for all cash generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in note 16.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(i) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where this is not materially different from the exchange rate at the date of transactions, and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Employee benefits payable later than one year have been measured at the estimated future cash outflows to be made for those benefits.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (a) the amount at which the financial asset or financial liability is measured at initial recognition (b) less principal repayments (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with subsequent changes in value taken directly through equity.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial Guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

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

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) Revenue

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

Revenue from the franchising activity is recognised based on business written sales from franchised stores.

Rental revenue is recognised monthly as defined in the lease agreements.

All revenue is stated net of the amount of goods and services tax (GST).

(p) 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 Tax 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

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

(r) Rounding of Amounts

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

(s) Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2009.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Key Estimates — Investment Property

The group assesses investment property values at each reporting date by obtaining certificates of valuations from licensed valuers based on accounting standards.

For the year ended 30 June 2009 the investment property values decreased by \$2,820,000 (2008:\$14,000) and this value was bought to account to reflect the current market value of the properties in the accounts.

(t) New Accounting Standards for Application in Future Periods

The following Australian Accounting Standards have been issued or amended and are applicable to the Parent Entity and Consolidated Group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

New Standard	Superseded Standard	Explanation of amendments not yet effective	Effective date (reporting periods ending on or after)	Impact of New Standard	Expected date of adoption
Accounting Standards AASB 1 First time adoption of Australian Accounting Standards (May 2009) – “AASB 1R”	AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity’s financial report.	30 June 2010	None	1 July 2008
AASB 3 Business Combinations (March 2008) – “AASB 3R”	AASB 3 Business Combinations (April 2007)	AASB 3R amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes have been made to this standard affecting acquisition related costs, step acquisitions, measurement of goodwill and contingent considerations. AASB 3 also replaces the term “Minority Interest” with “Non-controlling Interest”. This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively.	Business combinations occurring on or after an annual reporting beginning on or after 1 July 2009	These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard its impact on the Group is not able to be determined.	1 July 2009
AASB 8 Operating Segments (February 2007)	AASB 114 Segment Reporting (September 2005)	AASB 8 supersedes AASB 114. AASB 8 has a different scope of application to AASB 114; it is applicable only to listed entities and those in the process of listing, and requires that segment information be disclosed using the management approach. This may result in a different set of segments being identified than those previously disclosed under AASB 114.	31 December 2009	AASB 8 is a disclosure standard therefore has no impact on the entity’s reported position and performance. The new standard will however could result in changes to operating segments disclosures within the financial report.	1 July 2009
AASB 123 Borrowing Costs (June 2007) – “AASB 123R”	AASB 123 Borrowing Costs (July 2004)	AASB 123R incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	31 December 2009	As the entity does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity’s financial report.	1 July 2009
AASB 101 Presentation of Financial Statements (September 2007) – “AASB 101R”	AASB 101 Presentation of Financial Statements (July 2007)	AASB 101R contains a number of changes from the previous AASB 101. The main changes are to require that an entity must: <ul style="list-style-type: none"> • present all non-owner changes in equity (‘comprehensive income’) either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income) • present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements • disclose income tax relating to each component of other comprehensive income • disclose reclassification adjustments relating to components of other comprehensive income There are other changes to terminology, however these are not mandatory.	31 December 2009	AASB 101R does not affect recognition or measurement criteria, therefore the changes are not expected to have any impact on the entity’s reported financial position.	1 July 2009

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AASB 127 Consolidated and Separate Financial Statements (March 2008) – "AASB 127R"	AASB 127 Consolidated and Separate Financial Statements (July 2004)	AASB 127R amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes were made to this standard affecting acquisitions and disposals which do not result in a change of control, partial disposals where control is lost, attribution of profit or loss to non-controlling interests and loss of significant influence or control in relation to Associates and Joint Ventures. AASB 127 replaces the term "Minority Interest" with the "Non-controlling Interest". AASB 127 is applied retrospectively, with certain exceptions relating to the significant changes made in this revision.	30 June 2010	As the transitional provision of AASB 127 provide that the changes to the recognition and measurement criteria within AASB 127 resulting from this revision do not apply retrospectively to business combinations effected prior to the amendments being adopted, this standard is not expected to have any impact on the entity's financial report.	1 July 2009
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Various	AASB 2007-3 consequentially amends a number of standards arising from the issue of AASB 8. These amendments result from the changing the name of the segment reporting standard to AASB 8.	31 December 2009	AASB 2007-3 is a disclosure standard and therefore has no impact on the entity's reported position or performance.	1 July 2009
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Various	The revision of AASB 123 necessitates consequential amendments to a number of existing Standards. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised.	31 December 2009	As the entity does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity's financial report.	1 July 2009
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Various	AASB 2007-8 consequentially amends a number of AASB's as a result of the reissue of AASB 101. Some of the changes include changing the terms: • 'general purpose financial report' to 'general purpose financial statements' • 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009	As the changes do not affect recognition or measurement criteria, the changes are not expected to have any impact on the entity's reported financial position and performance.	1 July 2009
AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	Various	AASB 2007-10 makes a number of consequential amendments to a number of accounting standards arising from the revision of AASB 101 in September 2007. The changes are largely to terminology for example changing the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009	As the changes do not affect recognition or measurement criteria, the changes are not expected to have any impact on the entity's reported financial position and performance.	1 July 2009

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AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]	AASB 2 Share-based Payments (June 2007)	AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including: • Clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. Cancellations, whether by the entity or by other parties, should be accounted for consistently.	31 December 2009	Unless the entity enters into share-based payment transactions in future reporting periods, these amendments are not expected to have any impact on the entity's financial report.	1 July 2009
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	Various	AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards.	30 June 2010	See above for AASB 3 and AASB 127 information.	1 July 2009
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038].	Various	AASB 2008-5 makes a number of minor, but necessary amendments to different Standards arising from the annual improvements project. The amendments largely clarify accounting treatments where previous practice had varied, with some new or amended requirements introduced. The changes addressed include accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale.	31 December 2009	The changes are not expected to have any material impact on the entity's reported financial position and performance.	1 July 2009
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	Various	AASB 2008-6 makes further amendments arising from the annual improvements project. These amendments are made to AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary, and the requirements for all assets and liabilities of such subsidiaries to be classified as held for sale. Disclosure requirements are also clarified.	31 December 2009	As the entity does not have current plans to sell any subsidiaries, these amendments are not expected to have any impact on the entity's financial report.	1 July 2009

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AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Various	AASB 2008-7 makes changes to a number of accounting standards, for the purpose of reducing the burden on parent entities when complying with AASB 127 and measuring the cost of a subsidiary at acquisition in their separate financial statements in certain circumstances. The amendments are to apply only on initial application of Australian Equivalents to International Financial Reporting Standards (AASBs).	31 December 2009	As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity's financial report.	1 July 2009
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Noncash Assets to Owners [AASB 5 & AASB 110]	Various	AASB 2008-13 makes amendments to AASB 5 and AASB 110 resulting from the issue of Interpretation 17. The amendments relate to the classification, presentation and measurement of non-current assets held for distribution to owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue.	30 June 2010	As the entity has not declared any non-cash dividends to owners during the year, this interpretation is not expected to have any impact on the entity's financial report.	1 July 2009
AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2, AASB 138 and AASB Interpretations 9 & 16]	N/A	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project.	30 June 2010	The changes are not expected to have any material impact on the entity's reported financial position and performance.	1 July 2009
AASB 2009-05 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 118, 136, 139]	N/A	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project.	31 December 2010	The changes are not expected to have any material impact on the entity's reported financial position and performance.	1 July 2010

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2 Revenue and Other Income

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Sales Revenue					
— sale of goods		19,915	9,358	-	-
— provision of services		6,743	5,797	-	-
Total Sales Revenue		26,658	15,155	-	-
Other Revenue					
— interest received	2(a)	16	24	930	539
— rental revenue from property investment		878	889	1	38
— subsidies received		295	-	-	-
Total Other Revenue		1,189	913	931	577
Total Sales Revenue and Other Revenue		27,847	16,068	931	577
Other Income					
— gain on disposal of property, plant and		4	-	-	-
— write back of provisions		-	239	-	170
— other income		55	170	-	-
Total Other Income		59	409	-	170
(a) Interest revenue from:					
— wholly-owned controlled entities		-	-	929	519
— other persons		16	24	1	20
Total interest revenue on financial assets not at fair value through profit or loss		16	24	930	539

Note 3 Result for the Year

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) Underlying Operating Profit Before Tax				
Net Profit/Loss before tax as per Income Statement	(2,046)	2,066	(1,569)	534
Adjustments to arrive at underlying profit				
Gain on disposal of investment property	-	(1,629)	-	(1,629)
Legal costs associated with franchisee actions	829	839	-	-
Revaluation of investment properties	2,820	14	-	-
Net effect of underlying profit/(loss) adjustments	3,649	(776)	-	(1,629)
Underlying profit before tax	1,603	1,290	(1,569)	(1,095)
(b) Expenses				
Cost of sales	10,914	5,261	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
— other persons	1,172	869	1,071	928
Total interest expense	1,172	869	1,071	928
Bad and doubtful debts:				
— trade receivables	-	(27)	-	-
Total bad and doubtful debts	-	(27)	-	-
Rental expense on operating leases				
— minimum lease payments	3,112	1,337	-	-
Loss on revaluation of investment property	2,820	14	-	-
Write-off of obsolete stock	-	71	-	-
(c) Significant Revenue and Expenses				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Consideration on disposal of investment property	-	4,200	-	4,200
Carrying amount of net assets sold	-	(2,571)	-	(2,571)
Net gain on disposal of investment property	-	1,629	-	1,629
(d) Depreciation, impairment included in income statements				
Depreciation	425	171	-	5
Impairment	-	38	-	-
Total depreciation and impairment	425	209	-	5

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(e) Employee benefits expense				
Wages and salaries	5,590	3,842	451	248
Defined contribution superannuation expense	729	425	233	93
Other employee benefits expense	12	15	9	8
	6,331	4,282	693	349

Note 4 Income Tax Expense

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) The components of tax expense comprise:					
Current tax		83	-	-	-
Deferred tax	20	(823)	-	-	-
Under provision in respect of prior years		24	-	-	-
		(716)	-	-	-
(b) The prima facie tax on profit from ordinary income tax is reconciled to the income tax as					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)					
— consolidated group		(614)	620		
— parent entity				(471)	160
Add Tax effect of:					
Tax effect of:					
— other non-allowable items		4	254	-	(24)
— under provision for income tax in prior year		24	-	-	-
— Tax Effect on Gain on Sale of Property		-	635	-	635
		(586)	1,509	(471)	771
Less Tax effect of:					
Recoupment of prior year tax losses not previously brought to account		131	1,509	(471)	771
Income tax benefit attributable to entity		(717)	-	-	-
The applicable weighted average effective tax rates are as follows:		(35.0%)	0.0%	0.0%	0.0%

The movement in effective tax rates is a result of the reversal of deferred tax liabilities related to the revaluation of investment properties.

Note 5 Interests of Key Management Personnel (KMP)

Compensation Practices

Refer to the Remuneration Report contained in the Report of the Directors' for details of the remuneration paid or payable to each member of Key Management Personnel of the Group for the year ended 30 June 2009.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2009 \$000	2008 \$000
Short-term employee benefits	1,228	1,342
Post-employment benefits	336	389
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,564	1,731

KMP Shareholdings

The number of ordinary shares in Joyce Corporation Ltd held during the financial year by each KMP of the Group is as follows:-

	Balance at beginning of year	Received as Compensation	Options Exercised	Net Change Other*	Balance at end of year
30 June 2009					
Mr D A Smetana	6,890,310	-	-	189,622	7,079,932
Mr M A Gurry	-	-	-	-	-
Mr T R Hantke	-	-	-	-	-
Mr R Mahoney	-	-	-	18,000	18,000
Mr A Mankarios	505,289	-	-	-	505,289
Mr M McLean	-	-	-	-	-
Mr G Culmsee	-	-	-	-	-
Mr S Jones	5,000	-	-	-	5,000
Ms S Freedman	-	-	-	-	-
	7,400,599	-	-	207,622	7,608,221

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	Balance at beginning of year	Received as Compensation	Options Exercised	Net Change Other*	Balance at end of year
30 June 2008					
Mr D A Smetana	6,824,310	-	-	66,000	6,890,310
Mr M A Gurry	-	-	-	-	-
Mr T R Hantke	-	-	-	-	-
Mr R Mahoney	-	-	-	-	-
Mr A Mankarios	505,289	-	-	-	505,289
Mr M McLean	-	-	-	-	-
Mr J Wrathall	-	-	-	-	-
Mr R Parker	-	-	-	-	-
Mr T Goggin	-	-	-	-	-
Mr D Sanders	-	-	-	-	-
Mr M Zietoune	-	-	-	-	-
Mr S Jones	-	-	-	5,000	5,000
Ms M Vlahos	-	-	-	-	-
Ms S Freedman	-	-	-	-	-
Mr J Lewis	-	-	-	-	-
	<u>7,329,599</u>	<u>-</u>	<u>-</u>	<u>71,000</u>	<u>7,400,599</u>

* Net Change Other refers to shares purchased or sold during the financial year.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 28: Related Party Transactions.

Note 6 Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	121	57	104	57
— taxation services provided by related practice of auditor	37	23	37	23
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial report of subsidiaries	1	-	-	-

Note 7 Dividends

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Distributions paid				
Final unfranked ordinary dividend of 3.0 cents (2008: 3.00 cents) per share	621	621	621	621
Interim unfranked ordinary dividend of 1.5 cents (2008: 3.0) cents per share	311	621	311	621
	<u>932</u>	<u>1,242</u>	<u>932</u>	<u>1,242</u>

(a) To date the directors are yet to recommend the payment of a final dividend out of retained profits at 30 June 2009. (2008: 3 cents per share, unfranked)

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Note 8 Earnings per Share

		Consolidated Group	
		2009	2008
		\$000	\$000
(a)	Reconciliation of earnings to profit or loss		
	(Loss)/Profit after tax	(1,329)	2,066
	Earnings used to calculate basic EPS	(1,329)	2,066
	Earnings used in the calculation of dilutive EPS	<u>(1,329)</u>	<u>2,066</u>
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Profit from continuing operations	(1,329)	2,066
	Earnings used in the calculation of dilutive EPS from continuing operations	<u>(1,329)</u>	<u>2,066</u>
(c)		No.	No.
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>20,701,623</u>	<u>20,701,623</u>
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>20,701,623</u>	<u>20,701,623</u>
(d)	Classification of Securities		
	The following securities have been classified as ordinary shares and are included in the determination of basic and dilutive EPS:		
	- ordinary shares issued at \$1.955 and paid to \$1.215	380,000	380,000

Note 9 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Cash at bank and in hand		3,519	4,687	4	106
	29	<u>3,519</u>	<u>4,687</u>	<u>4</u>	<u>106</u>
Reconciliation of cash					
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		3,519	4,687	4	106
Bank overdrafts	19	(4,462)	(4,820)	(4,462)	(4,820)
		<u>(943)</u>	<u>(133)</u>	<u>(4,458)</u>	<u>(4,714)</u>

Note 10 Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
CURRENT					
Trade receivables		3,036	3,741	-	228
Provision for impairment	10a(i)	(15)	(27)	-	-
		<u>3,021</u>	<u>3,714</u>	<u>-</u>	<u>228</u>
Other receivables		-	1,533	-	-
Receivable - sale of South Australia Property		-	4,200	-	4,200
Amounts receivable from:					
— wholly-owned subsidiaries		-	-	7,550	-
Total current trade and other receivables		<u>3,021</u>	<u>9,447</u>	<u>7,550</u>	<u>4,428</u>
NON-CURRENT					
Trade receivables		377	528	-	-
Amounts receivable from:					
— wholly-owned entities		-	-	18,662	24,885
Total non-current trade and other receivables		<u>377</u>	<u>528</u>	<u>18,662</u>	<u>24,885</u>

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(a) Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item. Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 July 2007 \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30 June \$000
Consolidated Group				
(i) Current trade receivables	204	(140)	(37)	27
	<u>204</u>	<u>(140)</u>	<u>(37)</u>	<u>27</u>
Parent Entity				
(i) Current trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Opening Balance 1 July 2008 \$000	Charge for the Year \$000	Amounts Written Off \$000	Closing Balance 30 June \$000
Consolidated Group				
(i) Current trade receivables	27	-	(12)	15
	<u>27</u>	<u>-</u>	<u>(12)</u>	<u>15</u>
Parent Entity				
(i) Current trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
(b) Financial Assets classified as loans and receivables					
Trade and other Receivables					
— Total Current		3,021	9,447	7,550	4,428
— Total Non-Current		377	528	18,662	24,885
Financial Assets	29	<u>3,398</u>	<u>9,975</u>	<u>26,212</u>	<u>29,313</u>

Note 11 Inventories

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT					
At cost					
Finished goods		6,090	4,148	-	-
		<u>6,090</u>	<u>4,148</u>	<u>-</u>	<u>-</u>

Note 12 Other Financial Assets

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
- Shares in other related parties - at cost		6	6	1,891	1,891
		<u>6</u>	<u>6</u>	<u>1,891</u>	<u>1,891</u>

Note 13 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2009	2008
Subsidiaries of Joyce Corporation Ltd:			
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
Votrait No. 611 Pty Ltd	Australia	100	100
Joyce Asia Pty Ltd	Singapore	100	100
Bedshed Franchising Pty Ltd	Australia	100	100

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Note 14 Plant and Equipment

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	3,533	3,166	1,322	1,319
Accumulated depreciation	(1,388)	(1,244)	(806)	(806)
	<u>2,145</u>	<u>1,922</u>	<u>516</u>	<u>513</u>
Leasehold improvements				
At cost	16	16	-	-
Accumulated amortisation	(16)	(12)	-	-
Total Leasehold Improvements	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
Leased plant and equipment				
Capitalised leased assets	776	831	-	-
Accumulated depreciation	(200)	(52)	-	-
	<u>576</u>	<u>779</u>	<u>-</u>	<u>-</u>
Total plant and equipment	<u>2,721</u>	<u>2,705</u>	<u>516</u>	<u>513</u>
Total Property, Plant and Equipment	<u>2,721</u>	<u>2,705</u>	<u>516</u>	<u>513</u>

(a) **Movements in Carrying Amounts**

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

	Leasehold Improvements \$000	Plant and Equipment \$000	Leased Plant and Equipment \$000	Total \$000
	Consolidated Group:			
Balance at 1 July 2007	4	1,204	3	1,211
Additions	-	837	828	1,665
Depreciation expense	-	(119)	(52)	(171)
Balance at 30 June 2008	<u>4</u>	<u>1,922</u>	<u>779</u>	<u>2,705</u>
Additions	-	361	80	441
Disposals	-	-	-	-
Depreciation expense	(4)	(285)	(136)	(425)
Assets transferred from leased plant &	-	147	(147)	-
Balance at 30 June 2009	<u>-</u>	<u>2,145</u>	<u>576</u>	<u>2,721</u>
Parent Entity:				
Balance at 1 July 2007	-	517	-	517
Additions	-	1	-	1
Depreciation expense	-	(5)	-	(5)
Balance at 30 June 2008	<u>-</u>	<u>513</u>	<u>-</u>	<u>513</u>
Additions	-	3	-	3
Depreciation expense	-	-	-	-
Balance at 30 June 2009	<u>-</u>	<u>516</u>	<u>-</u>	<u>516</u>

JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 15 Investment Property

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Balance at beginning of year	20,800	22,660	-	1,840
Sale of investment	-	(1,840)	-	(1,840)
Transfer to non-current asset held for sale	(7,550)	-	-	-
Fair value adjustments	(2,820)	(20)	-	-
Balance at end of year	<u>10,430</u>	<u>20,800</u>	<u>-</u>	<u>-</u>

The fair value model is applied to all investment property. The investment property was valued by registered independent valuers as at 30 June 2009. Joyce Corporation Ltd leases its properties to Joyce Foam Pty Ltd (the Company which acquired the foam businesses in November 2005) at a rental less than the current market value.

Note 16 Intangible Assets

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Goodwill				
Cost	9,460	9,318	-	-
Additions	1,109	142	-	-
Accumulated impairment losses	(344)	(344)	-	-
Net carrying value	<u>10,225</u>	<u>9,116</u>	<u>-</u>	<u>-</u>
Total intangibles	<u>10,225</u>	<u>9,116</u>	<u>-</u>	<u>-</u>

Consolidated Group:

	Goodwill	Goodwill		
	\$000	\$000		
Year ended 30 June 2008				
Balance at the beginning of year	-	9,010	-	-
Additions	-	142	-	-
Impairment	-	(36)	-	-
	<u>-</u>	<u>9,116</u>	<u>-</u>	<u>-</u>
Year ended 30 June 2009				
Balance at the beginning of year	9,116	-	-	-
Additions	1,109	-	-	-
Impairment losses	-	-	-	-
Closing value at 30 June 2009	<u>10,225</u>	<u>-</u>	<u>-</u>	<u>-</u>

Intangible assets as at 30 June 2009 reflects the value of the Bedshed activities for the Bedshed Joondalup company owned store which was purchased in May 2007 and the Bedshed Claremont store that was purchased in October 2008 . An impairment test has been carried out assuming a 7.5% increase sales and an increase in operation expenses varying from 3% to 15% over a five year period based on the 2009 - 2010 operating budgets. The sales increase used has taken the retail sales trend applicable to the second half of the financial year and costs have been based on historical trends. Using a Discounted Cash Flow Rate of 9.3% over a five year period there is no impairment in the intangible asset .

Impairment Disclosures

There has been no impairment of Goodwill for the year ended 30 June 2009 (2008:\$36,000).

Note 17 Other Assets

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT				
Prepayments	1,218	178	76	72
	<u>1,218</u>	<u>178</u>	<u>76</u>	<u>72</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 18 Trade and Other Payables

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT					
Unsecured liabilities					
Trade payables		2,440	3,727	27	67
Sundry payables and accrued expenses		690	692	115	131
Amounts payable to:					
— other related parties		1,729	3,309	-	-
		<u>4,859</u>	<u>7,728</u>	<u>142</u>	<u>198</u>

Note 19 Borrowings

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT					
Secured liabilities					
Lease liability	23	116	137	-	-
Bank overdrafts	19a,c	4,462	4,820	4,462	4,820
		<u>4,578</u>	<u>4,957</u>	<u>4,462</u>	<u>4,820</u>
Total current borrowings		<u>4,578</u>	<u>4,957</u>	<u>4,462</u>	<u>4,820</u>
NON-CURRENT					
Secured liabilities					
Lease liability	23	536	576	-	-
Bank loans	19a,c	7,939	7,938	7,939	7,938
		<u>8,475</u>	<u>8,514</u>	<u>7,939</u>	<u>7,938</u>
Total non-current borrowings		<u>8,475</u>	<u>8,514</u>	<u>7,939</u>	<u>7,938</u>
Total borrowings	29	<u>13,053</u>	<u>13,471</u>	<u>12,401</u>	<u>12,758</u>

		Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
(a) Total current and non-current secured liabilities:					
Bank overdraft		4,462	4,820	4,462	4,820
Bank loan		7,939	7,938	7,939	7,938
Lease liability		652	713	-	-
		<u>13,053</u>	<u>13,471</u>	<u>12,401</u>	<u>12,758</u>

(b) The carrying amounts of non-current assets pledged as security are:					
Freehold land and buildings		17,980	20,800	-	-
Floating charge over assets, including plant & equipment		2,721	2,705	2,407	2,404
		<u>20,701</u>	<u>23,505</u>	<u>2,407</u>	<u>2,404</u>

(c) Collateral Provided

The available bank facility is \$13,500,000. This facility was negotiated with St George in March 2008 and comprises a fixed commercial bill for \$8,000,000 for a five year term and an overdraft/guarantee facility of \$5,500,000 which is renewable on an annual basis. The unused facility at 30 June 2009 is \$53,000 (2008: \$742,000). There is first registered real property mortgage over the investment properties owned by the Group, together with a fixed and floating charge over the Group assets as security over the facility.

The covenants with the bank includes an interest rate cover ratio of 2.00 times where the cover is earnings before interest, tax, depreciation, amortisation and abnormals divided by interest charged, gearing ratio to be a maximum of 0.80 times where gearing is Total Debt divided by Total Equity and dividend payments cannot be greater than 60% of net profit before interest, tax, depreciation, amortisation and abnormals.

Lease liabilities are secured by the underlying leased assets.

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

	Note	Consolidated Group		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash and cash equivalents	9	3,519	4,687	4	106
Trade receivables	10	3,021	3,714	-	228
Total financial assets pledged		<u>6,540</u>	<u>8,401</u>	<u>4</u>	<u>334</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Note 20 Tax

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT				
Income Tax Payable	83	-	-	-
TOTAL	83	-	-	-

	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance \$
NON-CURRENT						
Consolidated Group						
Deferred Tax Liability						
Investment property	3,760	(291)	(300)			3,169
Balance as at 30 June 2008	3,760	(291)	(300)	-	-	3,169
Property, Plant and Equipment - tax allowance	-	35				35
Investment property	3,169	(846)				2,323
Balance as at 30 June 2009	3,169	(811)	-	-	-	2,358
Deferred Tax Assets						
Other	500	(238)				262
Balance as at 30 June 2008	500	(238)	-	-	-	262
Other	262	(12)				250
Balance as at 30 June 2009	262	(12)	-	-	-	250

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

- temporary differences \$0 (2008: \$88)
- tax losses: operating losses \$0 (2008: \$130)
- tax losses: capital losses \$0 (2008: \$0)

	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance \$
Parent Entity						
Deferred Tax Liability						
Investment property	362	(362)				-
Balance as at 30 June 2008	362	(362)	-	-	-	-
Investment property	-	-				-
Balance as at 30 June 2009	-	-	-	-	-	-
Deferred Tax Assets						
Other	75	(75)				-
Balance as at 30 June 2008	75	(75)	-	-	-	-
Other	-	-				-
Balance as at 30 June 2009	-	-	-	-	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

- temporary differences \$42 (2008: \$34)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 21 Provisions

CURRENT	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
South Australia Rental Shortfall				
Opening balance at 1 July	238	-	238	-
Additional provisions	49	238	49	238
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in	-	-	-	-
Balance at 30 June	<u>287</u>	<u>238</u>	<u>287</u>	<u>238</u>
NON CURRENT	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Environmental Testing				
Opening balance at 1 July	92	282	92	282
Additional provisions	-	-	-	-
Amounts used	(19)	(20)	(19)	(20)
Unused amounts reversed	-	(170)	-	(170)
Increase in the discounted amount arising because of time and the effect of any change in	-	-	-	-
Balance at 30 June	<u>73</u>	<u>92</u>	<u>73</u>	<u>92</u>
South Australia Rental Shortfall				
Opening balance at 1 July	443	-	443	-
Additional provisions	-	443	-	443
Amounts used	(332)	-	(332)	-
Unused amounts reversed	-	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in	-	-	-	-
Balance at 30 June	<u>111</u>	<u>443</u>	<u>111</u>	<u>443</u>
Long-term Employee Benefits				
Opening balance at 1 July	13	-	-	-
Additional provisions	24	13	5	-
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Increase in the discounted amount arising because of time and the effect of any change in	-	-	-	-
Balance at 30 June	<u>37</u>	<u>13</u>	<u>5</u>	<u>-</u>
Analysis of Total Provisions	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Current	590	474	308	261
Non-current	221	548	189	535
	<u>811</u>	<u>1,022</u>	<u>497</u>	<u>796</u>

Other (Environmental Contamination)

As part of the ongoing testing of Joyce Corporation owned sites it was found that traces of a chemical used by Joyce Foam Products was detected in the groundwater at the South Australian and New South Wales properties. The levels found were not high and to be prudent the Department of Environment and Conservation were notified. Confirmation has been received from the Department of Environment and Protection that no remediation work is required due to the low risk of harm to the environment, however an ongoing monitoring program has been established to monitor the nature, extent and movement of the chemical found.

Provision for Rental Shortfall

A provision has been recognised for the payment of rental shortfall following the sale of the South Australian investment property. Under the lease arrangement rent was charged at lower than market value until November 2010. The rent shortfall will be paid in monthly installments till November 2010.

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 22 Issued Capital

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
20,321,623 (2008: 20,321,623) fully paid ordinary shares	\$000	\$000	\$000	\$000
380,000 (2008: 380,000) Partly paid ordinary shares issued at \$1.955, paid to \$1.215 (2008: \$1.185)	15,167	15,167	15,167	15,167
	467	450	467	450
	<u>15,634</u>	<u>15,617</u>	<u>15,634</u>	<u>15,617</u>

(a) **Ordinary Shares**

At the beginning of reporting period
Shares issued during year
At reporting date

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
No.	No.	No.	No.	
At the beginning of reporting period	20,321,623	20,321,623	20,321,623	20,321,623
Shares issued during year	-	-	-	-
At reporting date	<u>20,321,623</u>	<u>20,321,623</u>	<u>20,321,623</u>	<u>20,321,623</u>

Ordinary shares and partly paid ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) **Partly Paid Shares (Issued at \$1.955)**

At the beginning of the reporting period
Shares issued during year
At reporting date

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
No.	No.	No.	No.	
At the beginning of the reporting period	380,000	380,000	380,000	380,000
Shares issued during year	-	-	-	-
At reporting date	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>	<u>380,000</u>

(c) **Capital Management**

Management control the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Other than those discussed at Note 19(c) there are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 30% and 50%. The gearing ratio for the year ended 30 June 2009 and 30 June 2008 is as follows:

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
Total borrowings	18, 19	\$ 17,912	\$ 21,199	\$ 12,543	\$ 12,956
Less cash and cash equivalents	9	(3,519)	(4,687)	(4)	(106)
Net debt		<u>14,393</u>	<u>16,512</u>	<u>12,539</u>	<u>12,850</u>
Total equity		<u>24,243</u>	<u>26,487</u>	<u>15,659</u>	<u>18,143</u>
Total capital		<u>38,636</u>	<u>42,999</u>	<u>28,198</u>	<u>30,993</u>
Gearing ratio		37%	38%	44%	41%

Note 23 Capital and Leasing Commitments

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
(a) Finance Lease Commitments					
Payable — minimum lease payments					
— not later than 12 months		224	205	-	-
— between 12 months and 5 years		560	691	-	-
— greater than 5 years		-	-	-	-
Minimum lease payments		<u>784</u>	<u>896</u>	-	-
Less future finance charges		(132)	(183)	-	-
Present value of minimum lease payments	19	<u>652</u>	<u>713</u>	-	-

Finance lease agreements have been entered into for vehicles and equipment at company owned stores and the finance arrangement is generally for a five year period.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
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	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
(b) Property Lease Receivable - Group as Lessor				
The group has entered into commercial property leases on its investment property portfolio.				
Receivable — minimum lease receivable				
— not later than 12 months	506	887	-	-
— between 12 months and 5 years	2,712	3,155	-	-
— greater than 5 years	926	2,336	-	-
	<u>4,144</u>	<u>6,378</u>	<u>-</u>	<u>-</u>

The property leases are non-cancellable lease expiring in 2010 for the Queensland property and 2015 for the New South Wales property, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI per annum. An option exists to renew the lease at the end of the lease term for an additional term of five years. If the lease is renewed the rental rate is adjusted to current market value.

(c) Property Lease Rental Payable - Group as Les:				
Payable — minimum lease payments				
Payable:				
— not later than 12 months	4,228	2,657	-	-
— between 12 months and 5 years	15,301	9,141	-	-
— greater than 5 years	3,008	2,446	-	-
	<u>22,537</u>	<u>14,244</u>	<u>-</u>	<u>-</u>

The property leases are non-cancellable lease and have remaining terms one and seven years, with rent payable monthly in advance. Provisions within the lease agreements require that the minimum lease payments shall be increased by the CPI per annum. An option exists for most of the leases to renew the lease at the end of the lease term for an additional term equal to the period of the original leasee. If the lease is renewed the rental rate is adjusted to market value.

(d) Capital Expenditure Commitments				
Capital expenditure commitment for store development				
— plant and equipment				
Payable:				
— not later than 12 months	238	2,200	-	-
	<u>238</u>	<u>2,200</u>	<u>-</u>	<u>-</u>

Note 24 Contingent Liabilities and Contingent Assets

Contingent Liabilities

Bedshed Main Action

A group of franchisees within the Bedshed retail bedding group has issued a writ in the WA Supreme Court in relation to the operation of Bedshed's Marketing Fund, rebates from suppliers and the operation of the import program. Bedshed intends to vigorously defend this action.

At this stage, the Directors are unable to assess with any certainty the extent (if any) of the impact that of this matter could have on the Group's financial performance.

Bedshed Mile End

The franchisee of the Bedshed Mile End store has issued a writ in the WA Supreme Court in relation to the franchisor's right to open Company owned and operated stores in South Australia. Bedshed intends to vigorously defend this action.

Given Bedshed's plans with regard to expansion of the group in Victoria, Queensland and New South Wales (more so than in South Australia), the Directors do not believe the impact that this matter will have any significant impact on the group's financial performance (if any) will be significant.

Bedshed Queensland

The franchisees in Queensland have issued a Notice of Dispute regarding the margin that the Franchisor has charged franchisees in relation to its central warehouse in Queensland. The issue will go to mediation in October. The Directors do not believe that this matter will have any significant impact on the Group's financial performance.

Rental Guarantees

Joyce Corporation Ltd has provided guarantees to third parties in relation to property leases for Bedshed Company owned stores. These guarantees will be required while the stores remain company operated and currently total \$1,046,177 (2008: 960,000).

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Note 25 Segment Reporting

	Bedshed Franchising		Bedshed Stores		Investment Properties/Joyce		Consolidated Group (Continuing Operations)	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Primary Reporting — Business Segments								
REVENUE								
External Sales	6,801	5,788	20,209	9,584	878	1,629	27,888	17,001
Other segments	-	-	-	-	-	1,091	-	1,091
Total sales revenue	6,801	5,788	20,209	9,584	878	2,720	27,888	18,092
Unallocated revenue							21	-
Total revenue							<u>27,909</u>	<u>18,092</u>
RESULT								
Segment result	2,240	1,373	238	(156)	(3,372)	1,718	(894)	2,935
Unallocated expenses net of unallocated revenue							21	-
Finance Costs							(1,172)	(869)
Share of net profits of associates and joint venture entities							-	-
Profit before income							(2,045)	2,066
Income tax expense							716	-
Profit after income tax							<u>(1,329)</u>	<u>2,066</u>
ASSETS								
Segment assets	12,429	15,381	13,762	9,755	18,966	26,458	45,157	51,594
Unallocated assets							250	262
Discontinued operations assets							-	-
Total assets							<u>45,407</u>	<u>51,856</u>
LIABILITIES								
Segment liabilities	3,592	6,572	2,036	1,806	695	1,084	6,323	9,462
Unallocated liabilities							14,841	15,928
Discontinued operations liabilities							-	-
Total liabilities							<u>21,164</u>	<u>25,390</u>
OTHER								
Acquisitions of non- current segment assets	29	62	1,597	1,603	-	1	1,626	1,666
Depreciation and amortisation of segment assets	81	94	344	110	-	5	425	209
Other non-cash segment expenses	-	-	-	-	2,820	-	2,820	-

Secondary Reporting — Geographical Segments

The operations of the Group as based in Australia.

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 consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Business and Geographical Segments

Business segments

The consolidated group has the following three business segments:

- The Bedshed retail bedding franchise operation
- The operation of company owned Bedshed stores in WA, SA, VIC, NSW and QLD
- The property in New South Wales and Queensland which are leased under the sale agreement of the Foam Business

Geographical segments

The economic entity's business segments are located in Australia

Note 26 Cash Flow Information

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit/(Loss) after income tax	(1,329)	2,066	(1,569)	534
Cash flows excluded from profit/(loss) attributable to operating activities				
Non-cash flows in profit/(loss)				
Depreciation/Amortisation	425	214	-	5
Provision for doubtful debts	-	(115)	-	-
Revaluations of properties	2,820	14	-	-
Write-off of obsolete stock	-	71	-	-
Net (gain)/loss on disposal of property, plant and equipment	(4)	(1,629)	-	(1,629)
(Increase)/decrease in trade and term receivables	1,186	(377)	218	202
(Increase)/decrease in prepayments	151	(128)	3	46
(Increase)/decrease in inventories	(1,942)	(2,860)	-	-
(Increase)/decrease in deferred tax assets	175	-	-	-
Increase/(decrease) in trade payables and accruals	(2,721)	665	(55)	20
Increase/(decrease) in income taxes payable	83	-	-	-
Increase/(decrease) in deferred taxes payable	(974)	(150)	-	(150)
Increase/(decrease) in provisions	(359)	190	(300)	-
Cash flow from operations	<u>(2,489)</u>	<u>(2,039)</u>	<u>(1,703)</u>	<u>(972)</u>

(b) Non-cash Financing and Investing Activities

(i) Plant & Equipment

During the year the consolidated group acquired plant and equipment with an aggregate value of \$80,000 (2008: \$896,000) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
(c) Credit Standby Arrangements with Banks				
Credit facility	13,500	13,500	13,500	13,500
Amount utilised	(13,447)	(12,758)	(13,447)	(12,758)
	<u>53</u>	<u>742</u>	<u>53</u>	<u>742</u>
The major facilities are summarised as follows:				
Bank overdrafts	4,451	5,500	4,451	5,500
Bank overdraft facilities are arranged with St George with the general terms and conditions being set and agreed to annually				
Interest rates are variable and subject to adjustment				
Commercial Bill facility fixed for five years	8,000	8,000	8,000	8,000
Bank Guarantee Line	1,049	-	1,049	-
	<u>13,500</u>	<u>13,500</u>	<u>13,500</u>	<u>13,500</u>

Finance will be provided under all facilities provided the Company and the consolidated Group have not breached any borrowing requirements and the required financial ratios are met. During the year a technical breach of covenant occurred, this was remedied by the financier removing the covenant from the facility agreement.

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(d) **Business Acquisition**

In October 2008 the Group acquired the business and assets of a Bedshed store from a franchisee. The store's principal activities include the retailing of Bedshed products and other franchisor programs.

The acquisition had the following effect on the Group's assets and liabilities at acquisition date:

	Pre-acquisition Amounts	Recognised Values On Acquisition	
	\$000	\$000	
Plant & Equipment	95	95	
Inventory	400	400	
Net Identifiable Assets	495	495	
Intangible Assets Acquired on Acquisition – Goodwill		1,109	
Consideration paid in cash		1,604	

Note 27 Events After the Balance Sheet Date

On 6 August 2009, the Company announced that a conditional offer had been accepted on the Brendale property in Queensland for \$7.75m. The agreement is subject to the purchaser undertaking due diligence on the property. This due diligence is to be completed by 30 September 2009. Settlement has been negotiated to occur no later than 30 June 2010.

Note 28 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(a) **Key Management Personnel**

(i) Disclosures relating to directors:-

Those Directors or their Director-related entities received dividend payments, which were made on the same basis as those made to other shareholders, during the year ended 30 June 2009.

(ii) Transactions entered into during the year between the Company and its controlled entities and Directors of the Company and their Director-related entities were within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers or employees.

(iii) Consulting fees paid to Anatems Pty Ltd ATF The Forrest Trust in which Mr D Smetana has a beneficial interest \$188,024 (2008 - \$196,675). As at year end there was no amount owing to this related party (2008: Nil).

(iv) Consulting fees paid to Franchising Solutions Pty Ltd for MR T Hantke - nil (2008 - \$8,250). As at year end there was no amount owing to this related party (2008: Nil).

(v) The Non-Executive directors fees for Mr A Mankarios are paid to Starball Pty Ltd, a company in which Mr Mankarios has a significant influence - \$55,000 (2008 - \$18,000). As at year end there was no amount owing to this related party (2008: Nil).

The wholly owned group consists of Joyce Corporation Ltd and its wholly owned controlled entities as set out in Note 13. Joyce Corporation Ltd is the ultimate controlling entity.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Consulting fees paid to Anatems Pty Ltd ATF The Forrest Trust for Mr D Smetana	188	197	188	197
Consulting fees paid to Franchising Solutions Pty Ltd for Mr T Hantke	-	8	-	-
Non-Executive directors fees paid to Starball Pty Ltd fo Mr A Mankarios	55	18	55	18

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Note 29 Financial Risk Management

(a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

(i) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk.

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's 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 and financial liabilities.

The Group manages its finance costs by using a mix of fixed and variable rate debt. The Group's current policy is to maintain between 60% and 70% of its borrowings at fixed rates. At 30 June 2009 approximately 66% of the group debt is at a fixed rate.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The group negotiated new credit facilities with St George in March 2008 with a fixed commercial bill maturing in five years.

The Groups objective is to maintain a balance between through the use of bank overdrafts, bank loans and finance leases.

Credit Risk

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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is managed on a Group basis and reviewed monthly through debtor meetings attended by senior management and support staff responsible for the day to day collection of debts.

The credit risk for counter parties included in trade and other receivables at 30 June 2009 is detailed below:

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade and Other Receivables				
Franchising Activities	3,398	5,547	-	-
Other	-	4,428	-	4,428
Total	3,398	9,975	-	4,428

The consolidated Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Consolidated Group.

(ii) Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing					
	%		Floating Interest Rate		Within 1 Year		1 to 5 years	
	2009	2008	\$000		\$000		\$000	
	2009	2008	2009	2008	2009	2008	2009	2008
Economic Group								
Financial Assets:								
Cash and cash equivalents	2.9%	4.5%	3,519	4,687	-	-	-	-
Receivables			-	-	-	-	-	-
Total Financial Assets			3,519	4,687	-	-	-	-
			Fixed Interest Rate Over 5 Years		Non-interest Bearing		Total	
			\$000		\$000		\$000	
			2009	2008	2009	2008	2009	2008
Financial Assets:								
Cash and cash equivalents			-	-	-	-	3,519	4,687
Receivables			-	-	3,398	9,975	3,398	9,975
Total Financial Assets			-	-	3,398	9,975	6,917	14,662

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Economic Group	Weighted Average Effective Interest Rate %		Fixed Interest Rate Maturing						
			Floating Interest Rate \$000		Within 1 Year \$000		1 to 5 years \$000		
			2009	2008	2009	2008	2009	2008	2009
Financial Liabilities:									
Bank loans and overdrafts	7.8%	8.0%	4,462	4,820	-	-	7,939	7,938	
Trade and sundry payables			-	-	-	-	-	-	
Lease liabilities			-	-	116	137	536	576	
Total Financial Liabilities			4,462	4,820	116	137	8,475	8,514	
			Fixed Interest Rate Over 5 Years \$000		Non-interest Bearing \$000		Total \$000		
			2009	2008	2009	2008	2009	2008	
Financial Liabilities:									
Bank loans and overdrafts			-	-	-	-	12,401	12,758	
Trade and sundry payables			-	-	4,859	7,728	4,859	7,728	
Lease liabilities			-	-	-	-	652	713	
Total Financial Liabilities			-	-	4,859	7,728	17,912	21,199	

Parent Entity	Weighted Average Effective Interest Rate %		Fixed Interest Rate Maturing						
			Floating Interest Rate \$000		Within 1 Year \$000		1 to 5 years \$000		
			2009	2008	2009	2008	2009	2008	2009
Financial Assets:									
Cash and cash equivalents	0.25%	4.5%	4	106	-	-	-	-	
Receivables			-	-	-	-	-	-	
Total Financial Assets			4	106	-	-	-	-	
			Fixed Interest Rate Over 5 Years \$000		Non-interest Bearing \$000		Total \$000		
			2009	2008	2009	2008	2009	2008	
Financial Assets:									
Cash and cash equivalents			-	-	-	-	4	106	
Receivables			-	-	26,212	4,428	26,212	4,428	
Total Financial Assets			-	-	26,212	4,428	26,216	4,534	

**JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing					
	%		Floating Interest Rate		Within 1 Year		1 to 5 years	
	2009	2008	\$000		\$000		\$000	
Parent Entity	2009	2008	2009	2008	2009	2008	2009	2008
Financial Liabilities:								
Bank loans and overdrafts	7.8%	8.0%	4,462	4,820	-	-	7,939	7,938
Trade and sundry payables			-	-	-	-	-	-
Total Financial Liabilities			4,462	4,820	-	-	7,939	7,938
			Fixed Interest Rate Over 5 Years		Non-interest Bearing		Total	
			\$000		\$000		\$000	
			2009	2008	2009	2008	2009	2008
Financial Liabilities:								
Bank loans and overdrafts			-	-	-	-	12,401	12,758
Trade and sundry payables			-	-	142	198	142	198
Total Financial Liabilities			-	-	142	198	12,543	12,956

Maturity analysis of financial assets and liabilities based on managements expectations

Year ended 30 June 2009	< 6 months	6-12 months	1-5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Consolidated					
Financial Assets					
Cash and cash equivalents		3,519	-	-	3,519
Trade & other receivables		3,398	-	-	3,398
		6,917	-	-	6,917
Consolidated					
Financial liabilities					
Trade & other payables		4,859	-	-	4,859
Interest bearing loans & borrowings		58	4,520	8,475	13,053
		4,917	4,520	8,475	17,912
Net maturity		2,000	(4,520)	(8,475)	(10,995)
Year ended 30 June 2009	< 6 months	6-12 months	1-5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000
Parent					
Financial Assets					
Cash and cash equivalents		4	-	-	4
Trade & other receivables		-	7,550	-	26,212
		4	7,550	-	26,216
Parent					
Financial liabilities					
Trade & other payables		142	-	-	142
Interest bearing loans & borrowings		-	4,462	7,939	12,401
		142	4,462	7,939	12,543
Net maturity		(138)	3,088	(7,939)	13,673

JOYCE CORPORATION LTD ABN: 80 009 116 269 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(iii) **Net Fair Values**

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2009		2008	
	Carrying Amount \$000	Net Fair Value \$000	Carrying Amount \$000	Net Fair Value \$000
Financial Assets				
Term Debtors	3,398	3,398	9,975	9,975
Cash and cash equivalents	3,519	3,519	4,687	4,687
Loans and receivables	-	-	-	-
	6,917	6,917	14,662	14,662
Financial Liabilities				
Trade and other payables	4,859	4,859	7,728	7,728
Bank Borrowings	12,401	12,401	12,758	12,758
Lease Liability	652	652	713	713
	17,912	17,912	21,199	21,199

(iv) **Sensitivity analysis**

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

The interest Rate Sensitivity Analysis has been based on the cash borrowings as shown in the Balance Sheet as at 30 June 2009.

As at 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Change in profit/(loss)				
- Increase in interest rate by 0.5%	(20)	(17)	(20)	(17)
- Decrease in interest rate by .5%	20	17	20	17
Change in equity				
- Increase in interest rate by 0.5%	(20)	(17)	(20)	(17)
- Decrease in interest rate by 0.5%	20	17	20	17

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The sensitivity analysis takes into account deferred tax. The sensitivity assumptions have been based on possible movements in interest rates based on the Group's current debt and the level of debt that is expected to be renewed as well as economic forecaster's expectations.

Note 30 Reserves

a. *Asset Revaluation Reserve*

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b. *Financial Assets Reserve*

The financial assets reserve records revaluation of financial assets.

Note 31 Company Details

The registered office of the company is:

Joyce Corporation Ltd
14 Collingwood Street
Osborne Park WA 6017

The principal places of business are:

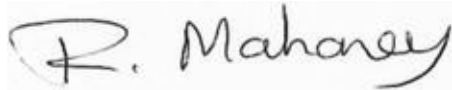
Joyce Corporation Ltd
14 Collingwood Street
Osborne Park WA 6017

**JOYCE CORPORATION LTD ABN: 80 009 116 269
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the financial statements, notes, as set out on pages 8 to 39, and the additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and Consolidated Group;
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director

Mr R Mahoney

Dated this 25th day of September 2009



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Independent Auditor's Report To the Members of Joyce Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Joyce Corporation Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Joyce Corporation Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 3 to 5 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Joyce Corporation Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr

P W Warr
Partner – Audit and Assurance Services

Perth, 25 September 2009