

JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4D

Half year Report

For the period ended 31 December, 2007

**(previous corresponding period being the half year ended
31 December, 2006)**

APPENDIX 4D

Results for Announcement to the Market

JOYCE CORPORATION LTD

FOR THE PERIOD ENDED 31 DECEMBER 2007

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2007 to 31 December 2007	
Prior Period:	1 July 2006 to 31 December 2006	
2. Results for announcement to the market		
	\$A'000	
2.1 Revenues from ordinary activities	Up 16% to	7,416
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up 1.5% to	1,428
2.3 Net profit (loss) for the period attributable to members	Up 1.5% to	1,428
2.4 Dividend distributions	Amount per security	Franked amount per security
Dividend paid on November 2007	3.0 cents	Nil
Previous Corresponding Period		
Dividend paid February 2006.	3.0 cents	Nil
2.5 Record date for determining entitlements to the dividend	May 2007 3.0 cents per security - Unfranked	

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Revenue has been derived from rental income on the properties leased and from Bedshed Franchising for the six months to 31 December 2007.	
	Prior	Current
3. Net tangible asset per security	1.35	1.29
4. Control gained or lost over entities during the period	N/A	
4.1 Name of entity	N/A	
4.2 The date of gain or loss of control		
4.3 The contribution of the gained entity		
5. Details of Dividends or Distributions		
Dividend November 2007	3.0 cents per share	Total Paid \$621K
6. Details of dividend reinvestment plan	The Company has a dividend reinvestment plan that is currently suspended. The plan provides that shareholders may elect to receive all or a portion of their dividend entitlements in the form of fully paid shares in the Company, issued at a discount (currently 2.5%) to market price and free of brokerage or any other costs	
7. Details of associates and joint venture entities	N/A	
8. For foreign entities, which set of accounting standards is used in compiling the report	N/A	
Audit/review of accounts upon which this report is based	This report has been based on a review	
9. Accounts not yet audited or reviewed	N/A	
10. Qualifications of audit / Review	No Qualifications	

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated entity for the half-year ended 31 December 2007.

Directors

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

Mr D A Smetana

Mr M A Gurry

Mr T R Hantke

Mr R Mahoney

Review of Operations

The operations for the first six months of the financial year comprised the rental of property, Franchisor and operator of company stores in the Bedshed chain of retail bedding stores.

Bedshed

As the core business of the Joyce Group, Bedshed Franchising Pty Ltd is the franchisor and operator of one of Australia's largest bedding and bedroom furniture retailers with stores in Western Australia, Victoria, South Australia and Queensland.

Sales growth continues to be strong in all states and on a national level growth on last year is up 16% and 15% like for like.

Bedshed now operates six company stores with a further four stores opening in the second half of the financial year.

Rental of Properties

Joyce Corporation owns properties in Sydney, Brisbane and Adelaide which are leased to the purchasers of the foam business as part of the arrangement negotiated with the sale of these businesses. These properties are classified as investment properties and as a result of this classification they were revalued as at 31 December 2007 by independent licensed valuers.

The Queensland property market remains strong where there has been a significant increase in the value of our property and this is expected to continue for the remainder of the financial year.

The increase in market value (as detailed in note 6) was \$553K and this has been brought to account as income.

Total revenue for the six months was \$7,416k and profit after tax was \$1,428K. A Deferred Tax Liability of \$237K was provided for on the increased movement in property valuations. There have also been significant costs incurred in the six months in setting up new company operated Bedshed stores.

Rounding of Amounts

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

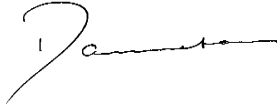
Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2007.

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

Director



D A Smetana

Dated this 29th

Day of February

2008

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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 review of Joyce Corporation Limited for the half-year ended 31 December 2007, 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 review; and
- (b) No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

P. Warr.

P W Warr**Partner**

Perth

Date: 29 February 2008

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER
2007**

	Consolidated Entity	
	31.12.2007 \$000	31.12.2006 \$000
Revenue		
Sales Revenue	6,420	5,144
Cost of Sales	(1,815)	(1,944)
Gross Profit	4,605	3,200
Other Revenues – Rental Income	443	430
Revaluation of investment properties (Refer Note 6)	553	840
Administration Expenses	(1,019)	(530)
Borrowing Costs	(329)	(55)
Amortisation Costs	(63)	(200)
Staff costs	(2,199)	(1,454)
Rent	(540)	(435)
Other costs	(23)	(388)
Profit before income tax	1,428	1,408
Income tax expense	-	-
Profit from continuing operations	1,428	1,408
Net Profit attributable to members of the parent entity	1,428	1,408
Overall Operations:		
Basic earnings per share from continuing operations (cents per share)	7.0	7.0
Diluted earnings per share from continuing operations (cents per share)	7.0	7.0

The accompanying notes form part of these financial statements.

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

		Consolidated Entity	
		31.12.2007	30.06.2007
		'000's	'000's
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,275	4,279
Trade and other receivables		5,116	5,248
Inventories		2,569	1,289
Other Current Assets		1,553	50
		13,,513	10,866
Non Current Asset Classified as Held For Sale	Note 9	1,840	-
TOTAL CURRENT ASSETS		15,353	10,866
NON-CURRENT ASSETS			
Trade and Other Receivables		499	152
Financial Assets		6	6
Property, plant and equipment		1,576	1,211
Investment Property	Note 6	21,610	22,660
Deferred Tax Asset		500	500
Intangible Assets		9,151	9,010
TOTAL NON-CURRENT ASSETS		33,342	33,539
TOTAL ASSETS		48,695	44,405
CURRENT LIABILITIES			
Trade and other payables		9,551	7,063
Short-term borrowings		59	19
TOTAL CURRENT LIABILITIES		9,610	7,082
NON-CURRENT LIABILITIES			
Long-term borrowings		8,737	7,850
Deferred tax liabilities		3,997	3,760
Other long-term provisions		108	287
TOTAL NON-CURRENT LIABILITIES		12,842	11,897
TOTAL LIABILITIES		22,452	18,979
NET ASSETS		26,243	25,426
EQUITY			
Issued capital		15,606	15,595
Reserves		5,190	5,190
Retained earnings		5,447	4,641
TOTAL EQUITY		26,243	25,426

The accompanying notes form part of these financial statements.

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	\$000	\$000	\$000	\$000	\$000
	Share Capital	Retained	Asset	Financial Assets	
Note	Ordinary	Profits	Revaluation	Reserve	Total
Balance at 1.7.2006	15,570	2,763	5,342	2,959	26,634
Shares issued during the year	-	-	-	-	-
Profit attributable to members of parent entity	-	1,408	-	-	1,408
Payment received on partly paid shares	11	-	-	-	11
Sub-total	15,581	4,171	5,342	2,959	28,053
Dividends paid or provided for	-	(621)	-	-	(621)
Balance at 31.12.2006	15,581	3,550	5,342	2,959	27,432
Balance at 1.7.2007	15,595	4,641	2,231	2,959	25,426
Shares issued during the year	-	-	-	-	-
Profit attributable to members of parent entity	-	1,428	-	-	1,428
Payment received on partly paid shares	11	-	-	-	11
Sub-total	15,606	6,069	2,231	2,959	26,865
Dividends paid or provided for	-	(622)	-	-	(622)
Balance at 31.12.2007	15,606	5,447	2,231	2,959	26,243

The accompanying notes form part of these financial statements.

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31
DECEMBER 2007**

	Consolidated Entity	
	31.12.2007 \$000	31.12.2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,155	3,970
Payments to suppliers and employees	(4,594)	(3,158)
Interest received	8	7
Finance costs	(345)	(55)
Other income / (payments)	20	-
Net cash provided by (used in) operating activities	244	764
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	-	315
Purchase of non-current assets	(423)	-
Proceeds from sale of business operations	-	-
Payment for acquisition of Intangible Assets	(141)	-
Net cash provided by (used in) investing activities	(564)	315
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment Received on partly paid shares	11	11
Proceeds from borrowings	926	-
Repayment of borrowings	-	(286)
Dividends paid	(621)	(621)
Net cash provided by (used in) financing activities	316	(896)
Net increase (decrease) in cash held	(4)	183
Cash at 1 July 2007	4,279	825
Cash at 31 December 2007	4,275	1,008

The accompanying notes form part of these financial statements

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2007**

NOTE 1: REPORTING ENTITY

Joyce Corporation Ltd is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in associates and jointly controlled entities.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by **Joyce Corporation Ltd** and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

NOTE 2: STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim report does not include all of the information required for a full annual report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007.

NOTE 4: SEGMENT REPORTING

	Bedshed		Joyce Corporation		Bedshed Stores		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	2,540	1,994	1,175	1,271	3,701	3,150	7,416	6,415
Share of associates net profits of equity accounted associates and joint venture entities	-	-	-	-	-	-	-	-
Total segment revenue	2,540	1,994	1,175	1,271	3,701	3,150	7,416	6,415
Unallocated revenue	-	-	-	-	-	-	-	-
Total revenue from ordinary activities	2,540	1,994	1,175	1,271	3,701	3,150	7,416	6,415
Segment result	712	328	567	840	149	240	1,428	1,408
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-	-	-
Profit before income tax	712	328	567	840	149	240	1,428	1,408
Income tax expense	-	-	-	-	-	-	-	-
Profit after income tax	712	328	567	840	149	240	1,428	1,408

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2007**

NOTE 5: DIVIDENDS

	Consolidated Entity	
	31.12.2007	31.12.2006
Distributions paid	\$000	\$000
Declared final unfranked dividend of 3.0 cents paid November 2007	621	621
	621	621

NOTE 6: INVESTMENT PROPERTY

The Company has revalued the investment properties following discussions with its independent valuer and management has determined in consultation with the valuer that the property values have increased by \$790K with a Deferred Tax Liability of \$237K, resulting in \$553K being brought to account as income. The South Australian property was not revalued – Refer to Note 9.

NOTE 7: CONTINGENT ASSET AND LIABILITY

Environmental Contamination

As part of the ongoing testing of Joyce Corporation Ltd owned sites it was found that traces of a chemical used in the past by Joyce Foam Products was detected in the groundwater at the Moorebank property. 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. The expected cost to monitor the groundwater will be low as bore holes have already been established.

Related Party Guarantees Provided by the Parent Entity

Joyce Corporation Ltd has provided guarantees to third parties in relation to bank guarantees on Bedshed stores in Queensland as part of the acquisition of the Mattress Discounters business. These guarantees will be required until June 2008 and total \$429K.

Legal Disputes

A group of 22 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. The proceedings primarily concern Bedshed's internal procedures but will not affect current methods for the generation of income or payment of material expenses. For this reason, the directors do not believe that these proceedings will have any significant impact on the group's financial performance.

The current franchisee of the Bedshed Claremont store has issued a writ in the WA Supreme Court in relation to the franchisor's right to refuse consent to assign a franchise where the new franchisee will not give full attention (which Bedshed believes is required under the Franchise Agreement) or be an owner/operator (which is part of Bedshed's current selection criteria). This action went to trial in February. It is anticipated that a decision will be delivered within three months. The full financial impact of this matter on the group's performance will not be known until the decision is handed down. At this stage, the directors do not believe it will be significant.

The current franchisee of the Bedshed Morley store has issued a writ in the WA Supreme Court in relation to the franchisor's right to refuse the assignment of the franchise and the basis on which it may do so. Bedshed intends to vigorously defend this action. The proceedings primarily concern the basis upon which the franchisor can refuse to allow the assignment of the franchise. For this reason, the directors do not believe that these proceedings will have any significant impact on the group's financial performance.

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

The current 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 operated stores in South Australia. Bedshed intends to vigorously defend this action. At this stage, the directors are unable to assess the extent (if any) of the impact of this matter on the group's financial performance. Given Bedshed's plans with regard to expansion of the group in Victoria and New South Wales (rather than South Australia) the directors do not believe it will be significant

Bedshed Franchising Pty Ltd has committed \$2.5M in expenditure in the second half of the financial year to open a further four company owned and operated stores in accordance with the Director's Report.

NOTE 8: INCOME TAX

The Group has carried forward tax losses that have offset the tax able income of \$1,428 million generated for the six month period ended 31 December 2007, and no income tax is payable.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

The South Australia property has been re classified in the accounts under the heading Non Current Assets Classified as Held for Resale as an agreement has been reached to sell the South Australian property for \$4.2M. The sale will result in a pre tax profit of \$2.3M and the Directors anticipate that no income tax would be payable given estimated tax offsets available to the company. The company will also provide \$550K (after tax) to cover rental adjustments over the next three financial years.

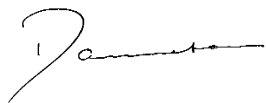
There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of the economic entity in subsequent financial years.

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 7 to 13 are in accordance with the Corporations Act 2001 including:
 - a. Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



D A Smetana

Director

Dated at Perth this 29th day of February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF JOYCE CORPORATION LTD

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Joyce Corporation Ltd (the Company) and the entities it controlled (the consolidated entity), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement/description of accounting policies, and other selected explanatory notes. The consolidated entity comprises both the Joyce Corporation Ltd (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Joyce Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

P. Warr.

P W Warr
Partner
Perth

Date: 29 February 2008