

JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4D

Half year Report

For the period ended 31 December, 2006

**(previous corresponding period being the half year ended
31 December, 2005)**

APPENDIX 4D

Results for Announcement to the Market

JOYCE CORPORATION LTD

FOR THE PERIOD ENDED 31 DECEMBER 2006

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2006 to 31 December 2006	
Prior Period:	1 July 2005 to 31 December 2005	
2. Results for announcement to the market		
	\$A'000	
2.1 Revenues from ordinary activities **	Down 79.0% to	5,144
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up 296.0% to	1,408
2.3 Net profit (loss) for the period attributable to members	Up 296.0% to	1,408
2.4 Dividend distributions	Amount per security	Franked amount per security
Dividend paid on 1 February 2006	3.0 cents	Nil
Previous Corresponding Period		
Dividend paid 1 November 2005.	2.5 cents	Nil
2.5 Record date for determining entitlements to the dividend	May 2007 3.5 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 2006. In the previous reporting period revenue was received from the foam businesses which was sold in November 2005.	
	Prior	Current
3. Net tangible asset per security	0.89	1.35
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 2006	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 2006.

Directors

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

Mr D A Smetana

Mr J F Ries

Mr M A Smart

Resigned 15 November 2006

Mr T R Hantke

Mr R Mahoney

Effective 8 January 2007

Review of Operations

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

Rental of Properties

Joyce Corporation owns properties in Sydney, Brisbane and Adelaide which are leased as part of the arrangement negotiated with the sale of the foam businesses. In the annual report in June 2006 these properties were classified as investment properties and as a result of this classification they were revalued as at 31 December 2006 by independent licensed valuers. The increase in market value (as detailed in note 6) was \$840K and this has been brought to account as income.

Bedshed

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

Joyce Corporation acquired 100% of Bedshed Franchising Pty Ltd in April 2006 and with the sale of the foam businesses in November 2005 it is not possible to provide relevant financial comparisons on financial information in this report.

Sales growth continues to be strong in all states with Western Australia up 32% (25% like for like) and Victoria/South Australia up 17% (26% like for like) compared to the same period last year.

Since the acquisition of the Mattress Discounters stores in Queensland in December 2005 sales growth continues to be strong and as at the 31 December 2006 were significantly ahead of plan. Since July 2006 three of the Mattress Discounters stores have been franchised and one new store opened. As at the date of this report two stores are being company operated.

Total revenue for the six months was \$6,415K and profit after tax was \$1,408K after allowing \$200K amortisation of the cost of the Mattress Discounters acquisition. The balance of the

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

acquisition cost will be amortised following the two remaining stores being franchised,

Rounding of Amounts

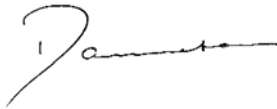
The Consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

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 2006.

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

Director



D A Smetana

Dated this 22nd

Day of February

2007

AUDITORS INDEPENDENCE DECLARATION

Auditors Independence Declaration under section 307C of the Corporation Act 2001 to the Directors of Joyce Corporation Limited.

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006, there has been:

- i) no contraventions of the auditor independence requirements as set out in the Corporation Act 2001 in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

BENTLEYS MRI PERTH PARTNERSHIP



PATRICK WARR
PARTNER

Dated this 22nd day of February 2007.

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER
2006**

	Consolidated Entity	
	31.12.2006 \$000	31.12.2005 \$000
Revenue		
Sales Revenue	5,144	-
Cost of Sales	(1,944)	-
Gross Profit	3,200	-
Other Revenues from ordinary activities – Rental Income	430	142
Share of net profits of associates accounted for using the equity method	-	125
Revaluation of investment properties (Refer Note 6)	840	-
Administration Expenses	(530)	(32)
Borrowing Costs	(55)	-
Amortisation Costs	(200)	-
Staff costs	(1,454)	-
Rent	(435)	-
Other costs	(388)	-
Profit before income tax	1,408	235
Income tax expense	-	-
Profit from continuing operations	1,408	235
Profit/(loss) from discontinued operations before tax	-	5,375
Income tax expense	-	(2,318)
Profit from discontinuing operations after tax	-	3,057
Net Profit attributable to members of the parent entity	1,408	3,292
 Overall Operations:		
Basic earnings per share from continuing operations (cents per share)	7.0	1.1
Diluted earnings per share from continuing operations (cents per share)	7.0	1.1
Basic earnings per share from discontinuing operations (cents per share)	-	14.7

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 2006

		Consolidated Entity	
		31.12.2006	30.06.2006
		'000's	'000's
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,008	825
Trade and other receivables		4,750	3,196
Inventories		1,225	1,982
Other Current Assets		99	36
TOTAL CURRENT ASSETS		7,082	6,039
NON-CURRENT ASSETS			
Trade and Other Receivables		-	19
Financial Assets		6	6
Property, plant and equipment		1,047	1,323
Investment Property	Note 6	23,879	23,039
Intangible Assets		6,448	6,654
TOTAL NON-CURRENT ASSETS		31,380	31,041
TOTAL ASSETS		38,462	37,080
CURRENT LIABILITIES			
Trade and other payables		5,973	4,947
Short-term borrowings		11	21
TOTAL CURRENT LIABILITIES		5,984	4,968
NON-CURRENT LIABILITIES			
Long-term borrowings		1,081	1,367
Deferred tax liabilities		3,558	3,558
Other long-term provisions		407	553
TOTAL NON-CURRENT LIABILITIES		5,046	5,478
TOTAL LIABILITIES		11,030	10,446
NET ASSETS		27,432	26,634
EQUITY			
Issued capital		15,581	15,570
Reserves		8,301	8,301
Retained earnings		3,550	2,763
TOTAL EQUITY		27,432	26,634

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 2006**

	\$000	\$000	\$000	\$000	\$000
	Share Capital	Retained	Asset	Financial Assets	
Note	Ordinary	Profits	Revaluation	Reserve	Total
Balance at 1.7.2005	15,538	56	-	-	15,594
Profit attributable to members of parent entity	-	3,292	-	-	3,292
Payment received on partly paid shares	9	-	-	-	9
Deferred tax	-	-	-	-	-
Sub-total	15,547	3,348	-	-	18,895
Dividends paid or provided for	-	(517)	-	-	(517)
Balance at 31.12.2005	15,547	2,831	-	-	18,378
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

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 2006**

	Consolidated Entity	
	31.12.2006	31.12.2005
	\$000	\$000
		Restated *
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,970	-
Payments to suppliers and employees	(3,158)	-
Dividends received	-	-
Interest received	7	4
Finance costs	(55)	-
Other income / (payments)	-	803
Income tax paid	-	-
Operating cash flow from discontinued operations	-	2,346
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	764	3,153
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	315	-
Purchase of non-current assets	-	-
Proceeds from sale of business operations	-	-
Payment for acquisition of Bedshed Units	-	-
Loan to Bedshed Franchising	-	280
Investing cash flow from discontinued operations	-	8,378
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	315	8,658
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment Received on partly paid shares	11	9
Proceeds from borrowings	-	-
Repayment of borrowings	(286)	-
Dividends paid	(621)	(508)
Financing cash flow from discontinued operations	-	(10,319)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(896)	(10,818)
	<hr/>	<hr/>
Net increase (decrease) in cash held	183	993
Cash at 1 July 2006	825	1,306
	<hr/>	<hr/>
Cash at 31 December 2006	1,008	2,299
	<hr/>	<hr/>

- See segment reporting – note 4.

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 2006**

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 2006 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 2006 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 2006.

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 2006.

NOTE 4: SEGMENT REPORTING

	Bedshed		Joyce Corporation (Continuing)		Joyce Corporation (Discontinued Operations)		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	5,144	-	1,271	110	-	23,635	6,415	23,745
Share of associates net profits of equity accounted associates and joint venture entities	-	-	-	125	-	-	-	125
Total segment revenue	5,144	-	1,271	235	-	23,761	6,415	23,870
Unallocated revenue	-	-	-	-	-	-	-	-
Total revenue from ordinary activities	5,144	-	1,271	235	-	23,761	6,415	23,870
Segment result	568	-	840	235	-	5,375	1,408	5,610
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-	-	-
Profit before income tax	568	-	840	235	-	5,375	1,408	5,610
Income tax expense	-	-	-	-	-	(2,318)	-	(2,318)
Profit after income tax	568	-	840	235	-	3,057	1,408	3,292

Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Joyce Corporation Ltd has disposed of the Joyce Foam businesses effective 30 November 2005 and the comparative cash flow statement has been restated to show the discontinued operations separately from the continuing operations.

The disposal involved the sale of 100% of the consolidated entity's interest in the foam manufacturing business.

NOTE 5: DIVIDENDS

	Consolidated Entity	
	31.12.2006	31.12.2005
Distributions paid		
Declared final unfranked dividend of 3.0 cents paid November 2006	621	508
	<hr/>	<hr/>
	621	508

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 in New South Wales has increased \$390K and the Queensland property has increased \$450K in value which has been brought to account as income.

NOTE 7: CONTINGENT ASSET AND LIABILITY

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 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 stores are franchised which will be completed by June 2007.

Outstanding Licence Fees

Joyce Corporation Ltd entered into a Licence Agreement and Supply Agreement with Clark Rubber Franchising Pty Ltd in September 2000 to pay a licence fee on branded product to Clark Rubber calculated on sales each calendar month. Clark Rubber have issued a Summons For Directions and a Writ on Joyce Corporation claiming payment of the Licence Fee on sales of all products from September 2000 to date for a value of \$260K and interest of \$107K.

Joyce Corporation has paid the Licence Fees on branded product sales as intended under the original contractual arrangement and will defend the action.

Bedshed Marketing Fund

A Western Australian franchisee 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 and Bedshed's use of advertising funds and rebates from suppliers. Bedshed will defend this action as it is considered that the claim is without foundation.

NOTE 8: INCOME TAX

The Group has carried forward tax losses that have offset the tax able income of \$1.456 million generated for the six month period ended 31 December 2006, and no income tax is payable. The net Deferred Tax Assets not brought to account as at 31 December 2006 are approximately \$2.1 million.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

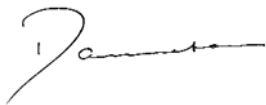
Excluding the matters noted in this report there are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affected the operations of the economic entity, the results of those operations, or the state of the economic entity in subsequent 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 2006 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 22nd day of February 2007

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF JOYCE CORPORATION LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Joyce Corporation Limited, which comprises the condensed balance sheet as at 31 December 2006, 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 or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company 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 designing, implementing 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 an 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 Engagements 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 company's financial position as at 31 December 2006 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 Limited is not in accordance with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS MRI PERTH PARTNERSHIP



PATRICK WARR
PARTNER

DATED at PERTH this 22nd day of February 2007.