

**JOYCE CORPORATION LTD**

**ABN 80 009 116 269**

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**Appendix 4D**

**Half year Report**

**For the period ended 31 December, 2008**

**(previous corresponding period being  
the half year ended 31 December, 2007)**

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## APPENDIX 4D

### Results for Announcement to the Market

JOYCE CORPORATION LTD  
FOR THE PERIOD ENDED 31 DECEMBER 2008

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2008 to 31 December 2008	
Prior Period:	1 July 2007 to 31 December 2007	
2. Results for announcement to the market		
	\$A'000	
2.1 Revenues from ordinary activities	Up 69% to	12,510
2.2 Profit (loss) from ordinary activities after tax attributable to members	Down 88% to	166
2.3 Net profit (loss) for the period attributable to members	Down 88% to	166
2.4 Underlying profit excluding one off non-recurring items	Up 34% to	1,096
2.5 Dividend distributions	Amount per security	Franked amount per security
Dividend paid on November 2008	3.0 cents	Nil
Previous Corresponding Period		
Dividend paid November 2007	3.0 cents	Nil
2.6 Record date for determining entitlements to the dividend		

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

2.7 Explanation of any of the figures in 2.1 to 2.6 that may be required.	Revenue has been derived from company stores, Bedshed Franchising and rental income from the company owned properties for the six months to 31 December 2008.  Profit from ordinary activities has been impacted by the significant increase in legal fees and the time taken for the Bedshed company stores to reach maturity and customer awareness.	
	Prior	Current
3. Net asset per security	1.29	1.26
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	The dividend policy is currently under review	
Dividend November 2008	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 an audit of the accounts	
9. Accounts not yet audited or reviewed		N/A
10. Qualifications of audit / Review		No Qualifications

## **Results Highlights**

The Directors of Joyce Corporation Ltd. (ASX: JYC) today announced an underlying operating profit after tax (that is, excluding one off non-recurring items) for the six months ended 31 December 2008 of \$1,096M. This compared with \$815K on a similar basis for the corresponding period the previous year.

The profit after tax and after one off items was \$166K, which compares with the previous corresponding period of \$1.428M.

One off items included legal fees related to the defence of a number of actions with some franchisees of \$524k and this compared with the previous period of \$89K. The Company has been successful in defending the first of these actions. The Directors remain confident of the Company's position on the remaining actions.

Property valuations gain this year of \$20K compared with the previous corresponding period of \$553K.

Furthermore start up costs associated with expansion of the Company's owned stores also had an influence on results.

The net assets per share of the Company on 31 December 2008 were \$1.26 per share.

As previously announced Joyce Corporation Ltd has an Option Agreement for the sale of its Queensland property for \$9 million, which is subject to due diligence, to be completed before 30 June 2009. If due diligence is accepted, the sale will be unconditional and unrecoverable deposits will ensue. The New South Wales property value has seen a reduction in value of \$680K due to the softening of the industrial property market in the western suburbs of Sydney. The net effect on property values as at 31 December 2008 has seen an overall increase of \$20K, which compares with the corresponding period last year of \$553K.

Joyce Corporation Ltd's main business is retailing through Bedshed Franchising Pty Ltd, a wholly owned subsidiary. "Bedshed" is one of Australia's largest specialty bedding and bedroom furniture retailers with 45 stores in Western Australia, Victoria, Queensland, South Australia and latterly New South Wales.

Performance from the Franchising division of Bedshed was strong, despite store sales revenue being negatively impacted by weakening consumer confidence as a direct effect of the global economic crisis. The improved result was driven by tight cost control.

The six month period saw the opening of 3 new company owned and operated Bedshed stores, 1 each in Western Australia, Queensland, and New South Wales. These stores had been committed to some time ago. Bedshed Franchising Pty. Ltd. also purchased the Bedshed Claremont store in Western Australia from a former franchisee.

## **Outlook**

Joyce Corporation Ltd. expects the difficult economic conditions to continue for at least the remainder of calendar year 2009.

Bedshed Franchising Pty Ltd remains committed to developing a network of 80+ stores but has slowed down its growth plan in the short-term.

The company has seen a recent improvement in the overall profitability of Bedshed company stores as the stores begin to mature which bodes well for the future.

The prospective sale of the Queensland property will provide additional finances to fund growth and to underpin the Company and shareholders.

The Chairman, Mr. Dan Smetana, observed that the results, whilst disappointing, reflected the current economic environment which has impacted on the majority of businesses. The group's investment properties still provide a strong asset base and scope for timely opportunity.

**Profit Outlook**

The underlying operating profit after tax (that is, excluding one off non-recurring items) is expected to increase this year compared to last year. However one off non-recurring items such as legal expenses and property valuations will have an impact on the final result.

**Dividends**

The dividend policy is currently under review.

# ***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 2008.

### **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***

***Mr A Mankarios***

### **Review of Operations**

The operations for the first six months to 31 December 2008 comprised the rental of investment properties, 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, Queensland, South Australia and New South Wales.

Operating profit for half year has been impacted by the current economic environment, the increase of \$439K in legal costs and time for the Bedshed company owned stores to reach maturity and gain consumer awareness.

Bedshed has opened three new company stores in the past six months and purchased the Bedshed Claremont store in WA from the franchisee in October 2008. Bedshed now operates thirteen company stores and there are plans to open one more company store in Victoria in the second half of the financial year.

### **Rental of Properties**

Joyce Corporation owns properties in Sydney and Brisbane 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 have been revalued as at 31 December 2008.

The New South Wales property was valued by an independent licensed valuer. Joyce Corporation Ltd has signed an Option Agreement to sell the Queensland property for \$9M and this value has been used by the directors to value the property as at 31 December 2008.

The increase in market value (as detailed in note 4) was \$20K and this has been brought to account as income.

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

Total revenue for the six months was \$12.51M and profit after tax was \$166K. A Deferred Tax Liability of \$6K was provided for, on the increased movement in property valuations.

### **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.

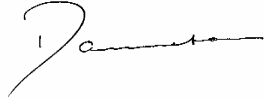
**Joyce Corporation Ltd ABN 80 009 116 269 and Controlled Entities**

**Auditor's Declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 9 for the half year ended 31 December 2008.

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

Director



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**D A Smetana**

Dated this 26th

Day of February

2009



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26 February 2009

## **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 2008, 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

Chartered Accountants

P W Warr

Partner

Perth, 26 February 2009

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

**CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity	
	31.12.2008	31.12.2007
	\$000	\$000
Revenue		
Sales Revenue	12,061	6,420
Cost of Sales	(4,519)	(1,815)
Gross Profit	7,542	4,605
Other Revenues – Rental Income	429	443
Revaluation of investment properties (Refer Note 6)	20	553
Administration Expenses	(1,303)	(708)
Borrowing Costs	(704)	(329)
Depreciation	(206)	(58)
Marketing Fees	(309)	(125)
Legal costs	(579)	(128)
Amortisation Costs	-	(63)
Staff costs	(3,306)	(2,199)
Rent	(1,403)	(540)
Other costs	(15)	(23)
Profit before income tax	166	1,428
Income tax expense	-	-
Profit from continuing operations	166	1,428
Net Profit attributable to members of the parent entity	166	1,428
Net Profit excluding one off non-recurring items	1,096	815
<b>Overall Operations:</b>		
Basic earnings per share from continuing operations (cents per share)	1.0	7.0

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

	Consolidated Entity	
	31.12.2008	30.06.2008
	\$000's\$	\$000's\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,884	4,687
Trade and other receivables	5,897	9,447
Inventories	5,954	4,148
Other Current Assets	319	178
<b>TOTAL CURRENT ASSETS</b>	<b>15,054</b>	<b>18,460</b>
<b>NON-CURRENT ASSETS</b>		
Trade and Other Receivables	431	528
Financial Assets	6	6
Property, plant and equipment	2,989	2,705
Investment Property	11,820	20,800
Asset Classified as Held For Sale	9,000	-
Deferred Tax Asset	262	262
Intangible Assets	10,171	9,116
<b>TOTAL NON-CURRENT ASSETS</b>	<b>34,679</b>	<b>33,417</b>
<b>TOTAL ASSETS</b>	<b>49,733</b>	<b>51,877</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6,352	7,728
Financial Borrowings*	12,583	4,957
Short-term provisions	374	474
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,309</b>	<b>13,159</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial Liabilities	659	8,514
Deferred tax liabilities	3,175	3,169
Other long-term provisions	548	548
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,382</b>	<b>12,231</b>
<b>TOTAL LIABILITIES</b>	<b>23,691</b>	<b>25,390</b>
<b>NET ASSETS</b>	<b>26,042</b>	<b>26,487</b>
<b>EQUITY</b>		
Issued capital	15,629	15,617
Reserves	4,694	4,694
Retained earnings	5,719	6,176
<b>TOTAL EQUITY</b>	<b>26,042</b>	<b>26,487</b>

\* The term loan of \$7.9M, which is not due for repayment within 12 months, has been classified as a Current Liability as the company is technically in breach of a covenant as a consequence of one off non-recurring items. The company is in the process of re-negotiating the basis of the covenant with the bank.

The accompanying notes form part of these financial statements

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	\$000	\$000	\$000	\$000	\$000
	Share Capital	Retained Profits	Asset Revaluation	Financial Assets Reserve	Total
Note	Ordinary				
<b>Balance at 1.7.2007</b>	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)
<b>Balance at 31.12.2007</b>	15,606	5,447	2,231	2,959	26,243
<b>Balance at 1.7.2008</b>	15,617	6,176	1,735	2,959	26,487
Shares issued during the year	-	-	-	-	-
Profit attributable to members of parent entity	-	166	-	-	166
Payment received on partly paid shares	11	-	-	-	11
Sub-total	15,628	6,342	1,735	2,959	26,644
Dividends paid or provided for	-	(621)	-	-	(621)
<b>Balance at 31.12.2008</b>	15,628	5,721	1,735	2,959	26,043

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity	
	31.12.2008	31.12.2007
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	16,487	5,155
Payments to suppliers and employees	(15,287)	(4,594)
Interest received	14	8
Finance costs	(597)	(345)
Other income / (payments)	(35)	20
Net cash provided by (used in) operating activities	582	244
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current assets	(488)	(423)
Payment for acquisition of Intangible Assets	(1,055)	(141)
Net cash provided by (used in) investing activities	(1,543)	(564)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment Received on partly paid shares	11	11
Proceeds from borrowings	(232)	926
Dividends paid	(621)	(621)
Net cash provided by (used in) financing activities	(842)	316
Net increase (decrease) in cash held	(1,803)	(4)
Cash at <b>1 July 2008</b>	4,687	4,279
Cash at <b>31 December 2008</b>	2,884	4,275

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 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*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

*Reporting Basis and Conventions*

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**NOTE 2: SEGMENT REPORTING**

	Bedshed Franchising		Joyce Corporation (including property)		Bedshed Company Stores		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	3,451	2,540	449	1,175	8,609	3,701	12,509	7,416
Total segment revenue	3,451	2,540	449	1,175	8,609	3,701	12,509	7,416
Total revenue from ordinary activities	3,451	2,540	449	1,175	8,609	3,701	12,509	7,416
Segment result	959	712	(367)	567	(426)	149	166	1,428
Profit before income tax	959	712	(367)	567	(426)	149	166	1,428
Income tax expense	-	-	-	-	-	-	-	-
Profit after income tax	<b>959</b>	<b>712</b>	<b>(367)</b>	<b>567</b>	<b>(426)</b>	<b>149</b>	<b>166</b>	<b>1,428</b>

**NOTE 3: DIVIDENDS**

	Consolidated Entity	
	31.12.2008	31.12.2007
Distributions paid	\$000	\$000
Declared final unfranked dividend of 3.0 cents paid November 2008	621	621
	621	621

**NOTE 4: INVESTMENT PROPERTY**

The Company has revalued the investment property in New South Wales based on the valuation received from an independent valuer and as a result the book value has been reduced \$680K to \$11.82M. The property in Queensland has been revalued by \$700K to \$9M based on the value of the Option Agreement signed by the company for the sale of the property. The net effect of the property revaluations has increased the property value to \$20.82M with a Deferred Tax Liability of \$6K.

**NOTE 5: BUSINESS ACQUISITION**

In October 2008 the Group acquired the business and assets of a Bedshed store. 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
Property Plant & Equipment	95	95
Stock	<u>400</u>	<u>400</u>
Net Identifiable Assets	<u>495</u>	495
Intangible Assets acquired on Acquisition – Goodwill		<u>1,055</u>
Consideration paid in cash		<u>1,550</u>

Profit of this store included in the consolidated profit of the Group since the acquisition date amounted to \$53,377 and is not valid to disclose ownership for the full period.

**NOTE 6: 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 in New South Wales. The levels found were not high and to be prudent the Department of Environment and Conversation 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 company owned stores. These guarantees will be required while the stores are company operated and total \$950K.

**Legal Disputes**

**Bedshed Main Action**

A group of 25 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 intend to vigorously defend this action.

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

### **Bedshed Claremont**

The franchisee of the Bedshed Claremont store 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 2008 and judgment in favour of Bedshed was handed down in May 2008 such that the action was dismissed. The issue of the costs of the trial is still before the Court for determination, which the directors expect will occur prior to June 2009. The directors do not believe that the issue of the trial costs will have a significant impact on the group's financial performance.

### **Bedshed Morley**

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.

### **Bedshed O'Connor**

The current franchisee of the Bedshed O'Connor store has issued a writ in the WA Supreme Court in relation to the franchisor's right to open a company operated store at Cockburn in Western Australia without offering the store to the O'Connor franchisee. 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.

### **Bedshed Mile End**

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.

## **NOTE 7: CASH and CASH EQUIVALENTS**

Joyce Corporation Ltd has a term loan and an overdraft facility with St George Bank which was negotiated in March 2008. In light of the significant one off non-recurring items and their impact on profitability, the bank is aware of a potential technical breach of a covenant as at 31 December 2008. As a consequence, the company and the bank are discussing the basis on which the covenant is calculated as at 31 December 2008. The term loan has been classified as a Current Liability based on the potential technical breach of the covenant and the ability of the bank to withdraw the facility.

## **NOTE 8: INCOME TAX**

The Group has carried forward tax losses that have offset the taxable income of \$166,000 generated for the six month period ended 31 December 2008, and no income tax is payable.

## **NOTE 9: NON CURRENT ASSETS HELD FOR RESALE**

The Queensland property has been re classified in the accounts under the heading Non Current Assets Classified as Held for Resale as an Option Agreement has been reached to sell the Queensland property for \$9M details of which were released to the market on 25 November 2008.

**NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE**

A contractor employed by Joyce Corporation Ltd in September 2005 has lodged a public liability claim on the company for an injury sustained while working in the Moorebank manufacturing plant. Our insurers are defending the claim on our behalf. Our public liability insurance policy has a \$100K excess amount payable should we not be successful in defending the case.

There are no other 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.

**NOTE 11: GOING CONCERN**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company earned a profit after tax of \$166K for the six months to 31 December 2008 and had net assets of \$26,042M.

As at 31 December 2008 there was a working capital deficiency due to the re classification of the term loan of \$7.9M and the Company believes that the bank will renew the facility at the annual review date and revise the current covenant following our recent discussions. This will result in the term loan being re classified as non current and there will not be a working capital deficiency at year end.

**NOTE 12: SIGNIFICANT ACCOUNTING POLICIES**

These consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2008. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The following applicable standards have been issued but have not been early adopted:

- AASB 101: *Presentation of Financial Statements (Revised 2007)*
- AASB 8: *Operating Segments*
- AASB 127: *Consolidated and Separate Financial Statements (March 2008)*
- AASB 3: *Business Combinations*

AASB 101 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. AASB 101 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Further, a 'Statement of changes in equity' is now presented as a primary statement.

AASB 8 now reports segment results based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. This may result in a different set of segments being identified than those previously disclosed under AASB 114.

AASB 127 (March 2008) 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. As the transitional provision of AASB 127 provides 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.

**NOTE 12: SIGNIFICANT ACCOUNTING POLICIES (CONT)**

AASB 3 (March 2008) 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".

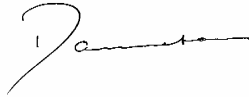
This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively.

**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 10 to 18 are in accordance with the Corporations Act 2001 including:
  - a. Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 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 26th day of February 2009



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## **Independent Auditor's 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 consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

### **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 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 consolidated 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 and Other Financial Reports 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 2008 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.

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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 Limited 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 2008 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.

GRANT THORNTON (WA) PARTNERSHIP

Chartered Accountants

P W Warr

Partner

Perth, 26 February 2009

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