

Joyce Corporation Ltd

ACN 009 116 269 ABN 80 009 116 269

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Company Announcement Office,
Australian Stock Exchange Limited,
Level 4, Stock Exchange Ltd.,
20 Bridge Street,
SYDNEY, 2000.

MANAGING DIRECTOR'S SPEECH FOR AGM, November 24 2009

Ladies and gentlemen,

Following on from the comments of our Chairman I would like to add a few comments of my own regarding the company's performance and outlook from an operational standpoint.

Despite a very challenging year in terms of the economic environment 2008/2009 was still a year of growth and development for Bedshed Franchising Pty Ltd.

Bedshed experienced a national 1% decline in like for like sales but a 4% increase overall over the previous year, which is a strong result in what has been an extremely competitive and challenging market.

Bedshed added 5 new stores to the network during the year, namely Cockburn in Western Australia, Highpoint (Melbourne) and Wodonga in Victoria, Mittagong in New South Wales and Helensvale in Queensland. This expansion took the number of stores to 46 with a plan to have 80 within 5 years or so.

Bedshed purchased the Claremont store (in Western Australia) from the franchisee during the year as we saw an opportunity to enhance an already well run and highly profitable store.

Since the financial year end Bedshed has opened another company owned and operated store at Warners Bay in New South Wales and currently runs a network of 15 company owned and operated stores to complement the 31 franchised stores. Bedshed decided that in future it will run a combination of company owned and operated stores, as well as support its network of franchised stores in order to access the retail margins available as a result of Bedshed's strong supply chain and operating model. Bedshed is learning quickly to run its own stores optimally and this in turn is making it a better franchisor.

LOOKING FORWARD...

Our key risk remains the legal dispute we have with a number of franchisees regarding the imports consideration we charge and our right to make supplier rebates but we are hopeful that this will be resolved through mediation. Removing this one obstacle will then allow Bedshed Franchising Pty Ltd and indeed Joyce Corporation Ltd to realise its full potential to the benefit of all.

The overall economic climate and the retail trading environment in Australia has still been extremely challenging for the first 5 months of this financial year but we are beginning to see early signs of a slight recovery in demand.

October year-to-date Bedshed's sales growth on last year is tracking at 1% or -5% if one only compares like for like stores. Whilst nothing like the growth of recent years these figures do seem to compare favourably to the overall industry that we operate within based on data that we receive from Suppliers and from the Monash's Australian Centre for Retail Studies data.

Given the slowdown in the economy we have scaled back the number of stores that we plan to open this year and expect only one or two. Such future store openings will be Franchise stores to allow the company to continue to grow but without the cash commitment required for new stores until they reach maturity and profitability.

We are also actively seeking to rationalise a small number of company owned and operated stores that we do not see as part of our network of company stores in the future.

Our determination to manage a network comprised of both Franchised and Company Owned stores should be in both the interest of shareholders and our franchisees. Reaping rewards from our investment in Company stores is all about getting this network of stores to make a net profit as quickly as possible and operationally we are working towards this day-in day-out. From a franchisees' perspective there is no doubt that we have become a better franchisor as a result of running our own stores.

The Bedshed Import Program remains our key competitive advantage, where leading edge designs are sourced from overseas manufacturers and sold at very competitive prices. The program has been challenged this year by the substantial drop and subsequent increase in the Australian to U.S. \$ exchange rate but we feel that we have adapted well to the fluctuations.

Finally, the Bedshed Marketing Program continues to deliver strong results in each state versus the industry. These positive results have been achieved through attractive offers and aggressive marketing spend, made possible by Bedshed's consistent sales performance and increase in store numbers.

Thank you for your kind attention.

ROB MAHONEY

MANAGING DIRECTOR

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