

# Joyce Corporation Ltd

ACN 009 116 269 ABN 80 009 116 269

Company Announcements Office  
Australian Stock Exchange Limited  
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20 Bridge Street  
SYDNEY

28 August 2009

## RESULTS FOR YEAR ENDED 30 JUNE 2009 AND APPENDIX 4E

Please find attached the Preliminary Final Report (Appendix 4E) for Joyce Corporation Ltd. ("Joyce" or "the Company") (ASX: JYC) for the financial year ended 30 June 2009

### Results

The Directors are pleased to announce an underlying operating profit before tax (excluding one-off non-recurring times) of \$1.603m for the year ended 30th June 2009. This represents an increase of 24% on the previous year.

The following table shows the underlying performance:

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Underlying operating profit before tax (excluding property revaluations, property sale and legal expenses)</b>	<b>1,603</b>	<b>1,290</b>
Underlying profit before tax (excluding property revaluations and property sale)	774	451

The net loss after tax, property revaluations and legal expenses for the year was \$1.330m.

The following table shows a comparison between the 2008 and 2009 financial results:

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
Bedshed stores and franchising	1,467	697
Joyce administration costs and direct property income and costs	(693)	(246)
Profit on disposal of investment property	-	1,630
Property revaluations	(2,820)	(14)
<b>Reported net profit/(loss) before tax</b>	<b>(2,046)</b>	<b>2,066</b>
Income tax benefit	716	-
<b>Reported net profit/(loss) after tax</b>	<b>(1,330)</b>	<b>2,066</b>

## Results Cont'd

Joyce Corporation Ltd.'s core business, aside from our property portfolio, 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 46 stores in Western Australia, Victoria, Queensland South Australia and New South Wales.

Joyce's industrial property portfolio in Queensland and New South Wales diminished in value \$2.8M before tax this financial year compared to a loss of \$14K in the previous financial year. These revaluations are a requirement of accounting standards.

Bedshed's national retail sales for the year saw a 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 market.

Despite the tough economic climate the Company managed to open several new stores during the year to keep its growth strategy on track. Bedshed opened four new company owned and operated stores and purchased one franchised store in Western Australia during the financial year. The financial year also saw the opening of the Company's first store in New South Wales, a significant milestone.

Legal costs have been incurred in defending a number of actions with our franchisees and Bedshed Franchising Pty Ltd has been successful in defending all three of these actions to date. The Directors remain confident of our position on the two remaining actions.

## Outlook

The Managing Director, Mr. Rob Mahoney, expects single digit sales growth in the coming year but anticipates a better second half of the financial year as improved consumer confidence translates into higher retail sales.

Management continues to review the performance of its Company owned and operated stores and will look to close any that it feels will not be profitable in the long term.

The company's future exposure to property revaluations, required under current accounting standards, should lessen given Joyce's recent announcement that the Company has accepted an offer for the sale of the Queensland property. The Agreement is subject to a Due Diligence period of thirty days with settlement being prior to 30 June 2010.

These factors should see Joyce report a level of underlying operating profit in the coming year higher than that reported for the 2008-2009 year whilst establishing the platform for strong income and profit performance thereafter.

The Company has robust financial wherewithal with a strong asset base which it is planning to leverage for growth. Net tangible assets per share are \$0.69. Net assets per share, excluding deferred tax liabilities on recent revaluations, are \$1.30 per share.

Mr. Dan Smetana, Chairman, observed that the results, coupled with the company's strong financial position and the identified business growth opportunities present a positive future for the company and its shareholders.

## **Dividends**

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

For further information, please contact:

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Joyce Corporation Ltd  
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Chairman  
Joyce Corporation Ltd  
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**JOYCE CORPORATION LTD**  
**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**

<b>Name of Entity:</b>	Joyce Corporation Ltd	
ABN:	80 009 116 269	
<b>1. Details of the current and prior reporting period</b>		
Current Period:	1 July 2008 to 30 June 2009	
Prior Period:	1 July 2007 to 30 June 2008	
<b>2. Results for announcement to the market</b>		
		\$A'000
2.1 Revenues from ordinary activities (excludes property revaluations)	Up 73.3% to	27,847
2.2 Profit (loss) from ordinary activities after tax attributable to members	Down: 164%% to	(1,330)
2.3 Net profit (loss) for the period attributable to members	Down: 164%% to	(1,330)
2.4 Dividend distributions	Amount per security	Franked amount per security
Final Dividend paid on November 2008	3.0 cents	Nil
Interim Dividend paid May 2009	1.5 cents	Nil
Previous corresponding period		
Final Dividend paid November 2007.	3.0 cents	Nil
Interim Dividend paid May 2008	3.0 cents	Nil
2.5 Record date for determining entitlements to the dividend	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.	
2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Refer attached	
<b>3. Income Statement</b>	Refer attached	
<b>4. Balance Sheet</b>	Refer attached	

<b>5. Statement of Cash Flows</b>			Refer attached
<b>6. Details of Dividends or Distributions</b>			
	Amount per security	Franked amount per security	
Final dividend paid 1 November 2008	3 cents per share	Nil	
Interim dividend paid May 2009	1.5 cents per share	Nil	
Determination of the final dividend has been deferred, refer 2.5.			
<b>7. Details of dividend reinvestment plan</b>	The Company's dividend reinvestment plan is currently suspended.		
<b>8. Statement of Retained earnings showing movements</b>			Refer attached
	Current Period	Previous Corresponding Period	
<b>9. Net tangible asset backing per ordinary security</b>	\$0.69*	\$0.85	
*Net assets per share, excluding deferred tax liabilities on property revaluations, are \$1.30 per share. (2008: \$1.44)			
<b>10. Control Gained over entities during the period</b>			N/A
10.1 Name of entity			N/A
10.2 The date of the gain or loss of control			N/A
10.3 Where material, the contribution of above entities to the consolidated result.			N/A
<b>11 Details of associates and joint venture entities</b>			N/A

<b>12. Other Significant Information</b>		
<p>The investment properties in New South Wales and Queensland were revalued as at 30 June 2009. They are classified as investment properties and the valuations took into account existing leasing arrangements. This approach is consistent with the valuations reported in the 2008 Annual Report. The property market this financial year has reported a negative growth of \$2.82M compared to decrease of \$14k in 2008.</p> <p>Asset valuations were completed by qualified valuers in accordance with AASB 116.</p> <p>During the financial year Bedshed opened four company operated stores and purchased one franchised store in Western Australia. This expansion has impacted the current year results due to the significant initial set up costs for company stores and the lead time to trade profitably.</p>		
<b>13. Accounting Standards used by foreign entities</b>	N/A	
<b>14. Commentary on the result for the period</b>		
14.1 Earnings per share	2009 - (6.54) cents	2008 - 10.17 cents
14.2 Distributions to Shareholders		
The determination of the final dividend has been deferred, refer 2.5.		
14.3 Significant features of operating performance	Refer attached	
14.4 Segment Results	Refer attached	
<b>15. Status of audit or review</b>	This report is based on accounts that are in the process of being audited.	
<b>16. Dispute or qualification - accounts not yet audited</b>	N/A	
<b>17. Qualifications of audit / review</b>	N/A	

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	26,658	15,155
Cost of sales	(10,914)	(5,261)
Gross profit	15,744	9,894
Other revenue	1,189	913
Other income	59	409
Distribution expenses	(860)	(463)
Marketing expenses	(923)	(7)
Occupancy expenses	(3,003)	(1,486)
Administration expenses	(10,230)	(7,567)
Other expenses	(30)	(373)
Revaluation investment property	(2,820)	(14)
Finance Costs	(1,172)	(869)
Profit/(loss) before income tax	(2,046)	437
Income tax (expense)/benefit relating to ordinary activities	716	-
Profit/(loss) from continuing operations after income tax	(1,330)	437
Profit from sale of investment property	-	1,629
Net profit/(loss) attributable to members of the parent entity	(1,330)	2,066
Underlying operating profit before tax (excluding property revaluations, property sale and legal expenses)	1,603	1,290
<b>Overall Operations</b>		
Basic earnings per share (cents per share)	(6.54)	10.17
Dilutive earnings per share (cents per share)	(6.54)	10.17

CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2009

	Consolidated	
	2009 \$'000	2008 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,519	4,687
Trade and other receivables	3,021	9,447
Other Current Assets	1,218	178
Inventories	6,090	4,148
Non-current assets classified as held for sale	7,550	-
<b>Total Current Assets</b>	21,398	18,460
<b>Non-Current Assets</b>		
Trade and other receivables	377	528
Other financial assets	6	6
Property, plant and equipment	2,721	2,705
Investment property	10,430	20,800
Deferred Tax Asset	250	262
Intangible Assets	10,225	9,116
<b>Total Non-Current Assets</b>	24,009	33,417
<b>TOTAL ASSETS</b>	45,407	51,877
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade & other payables	4,859	7,728
Interest-bearing liabilities	4,578	4,957
Current tax liabilities	83	-
Provisions	590	474
<b>Total Current Liabilities</b>	10,110	13,159
<b>Non-Current Liabilities</b>		
Interest-bearing liabilities	8,475	8,514
Deferred tax liabilities	2,358	3,169
Provisions	221	548
<b>Total Non-Current Liabilities</b>	11,054	12,231
<b>TOTAL LIABILITIES</b>	21,164	25,390
<b>NET ASSETS</b>	24,243	26,487
<b>EQUITY</b>		
Contributed equity	15,635	15,617
Reserves	4,694	4,694
Retained profits	3,914	6,176
<b>TOTAL EQUITY</b>	24,243	26,487

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated	
	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	34,231	16,449
Interest received	16	5
Payments to suppliers and employees	(35,564)	(17,625)
Borrowing costs	(1,172)	(868)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,489)</b>	<b>(2,039)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current assets	(1,109)	(142)
Loans from associated entities	-	715
Proceeds from disposal of investment property	4,200	-
Purchase of property, plant and equipment	(436)	(1,816)
<b>Net cash provided by (used in) investing activities</b>	<b>2,655</b>	<b>(1,243)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(419)	-
Proceeds from borrowings	-	4,910
Proceeds from partly paid shares	17	22
Dividends paid by parent entity	(932)	(1,242)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,334)</b>	<b>3,690</b>
Net increase/(decrease) in cash and cash equivalents	(1,168)	408
Cash and cash equivalents at beginning of year	4,687	4,279
<b>Cash and cash equivalents at end of year</b>	<b>3,519</b>	<b>4,687</b>

**CONSOLIDATED RETAINED PROFITS**

	Consolidated	
	2009 \$000	2008 \$000
Retained profits at the beginning of the financial year	6,176	4,641
Net (loss)/profit attributable to members	(1,330)	2,067
Dividends provided for or paid	(932)	(1,240)
Transfer from Asset Revaluation Reserve	-	708
<b>Retained profits at the end of the financial year</b>	<b>3,914</b>	<b>6,176</b>

**Segment Reporting**  
**Primary Reporting – Business Segments**

	<b>Bedshed Franchising</b>	<b>Bedshed Stores</b>	<b>Investment Properties/ Joyce</b>	<b>Eliminations</b>	<b>Consolidated Group</b>
	<b>2009 \$000</b>	<b>2009 \$000</b>	<b>2009 \$000</b>		<b>2009 \$000</b>
<b>REVENUE</b>					
External sales	6,811	20,218	877	-	27,906
Other segments	570	-	929	(1,499)	-
Total sales revenue	7,381	20,218	1,807	(1,499)	27,906
Unallocated revenue					-
Total revenue					27,906
<b>RESULT</b>					
Segment Result	2,084	(617)	(3,513)	-	(2,046)
Unallocated expenses net of unallocated revenue					-
Profit before income tax expense					(2,046)
Income tax expense					716
Profit after income tax expense					(1,330)
<b>ASSETS</b>					
Segment Assets	12,429	13,763	18,965	-	45,157
Unallocated assets					250
Total Assets					45,407
<b>LIABILITIES</b>					
Segment Liabilities	3,592	2,036	694	-	6,322
Unallocated liabilities					14,842
Total Liabilities					21,164

**EVENTS SUBSEQUENT TO BALANCE DATE**

Since balance date, Joyce Corporation Ltd has accepted an offer for the sale of the Group's property in Brendale near Brisbane for \$7.75M. The Agreement is subject to due diligence by the purchaser, with settlement to be prior to 30 June 2010.