



Joyce Corporation Ltd
Annual Report 2008

Joyce Corporation Ltd Corporate Directory



Directors

D A Smetana	Chairman
T R Hantke	Non-executive Director
M A Gurry	Non-executive Director
A Mankarios	Non-executive Director
R Mahoney	Executive Director

Company Secretary

M J McLean

Principal Place of Business & Registered Office

14 Collingwood Street
OSBORNE PARK WA 6017
Tel: +618 9445 1055
Fax: +618 9445 1011

Bankers

St George, Perth WA

Solicitors

Deacons, Perth WA

Auditors

Grant Thornton (WA) Partnership
L1, 10 Kings Park Road
WEST PERTH WA 6005

ASX Code

Share Code JYC

Share Registry

Computershare Investor Services Pty Limited
L2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000
Tel: 1300 557 010



Joyce Corporation Ltd

ABN: 80 009 116 269 AND CONTROLLED ENTITIES

Annual Report 2008

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Chairman's report

Joyce Corporation Ltd achieved a net profit after tax of \$2.066 million for the year ended 30 June 2008.

The reported profit is after allowing for significant one-off costs relating to the restructuring and development of the group's national bedding and bedroom furniture retailing activities and legal costs. The underlying operational profit excluding property revaluations and legal costs increased by 87%.

The Company's substantial national property portfolio showed a negative growth compared to substantial increases in value the previous two financial years. With the current economic climate it is anticipated that the company will not see any further significant gain in valuations in the 2008/2009 financial year.

The company sold the investment property in South Australia during the financial year for \$4.2M which resulted in a profit after tax of \$1.63M. The properties in Queensland and New South Wales are shown at a lower value than independent valuations have indicated, due to the rental arrangement agreed to as part of the sale of the foam businesses.

Strategically we are delivering on our objective to run a combination of Company owned and operated stores and franchised stores. We are also pleased to have added six new stores with an expectation of a similar number next financial year.

Net assets, excluding deferred tax liabilities on the recent property revaluations, are approximately \$1.44 per share and this places the company in a robust financial position which it can use to leverage future growth.

The Directors have advised that a final unfranked dividend of 3 cents per share will be paid on 24th November 2008. This will bring total dividends for the year to 6 cents per share.

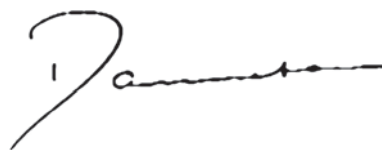
Mr Anthony Mankarios was appointed a Director in February and has been a shareholder in Joyce Corporation Ltd for many years. Mr Mankarios brings to the Board significant experience in the running and administration of retail companies and has added considerable value to the Board since his appointment.

The Board of Directors would like to acknowledge the commitment and effort of the staff of Joyce and Bedshed. Directors also acknowledge our shareholders, Bedshed franchisees and suppliers in supporting the company.

Outlook

Joyce Corporation Ltd anticipates additional set-up costs associated with developing its store growth strategy and considerable legal costs in the financial year 2008-2009 but believes the return from its existing company owned network of stores will help offset these costs. This should see the reported level of operating profit in the coming year excluding profit from the sale of the South Australian property higher than that reported for the 2007-2008 year whilst establishing the platform for strong income and profit performance thereafter.

Bedshed does not expect significant like for like sales growth from its existing network of stores in the coming year, based on the trends that have been experienced in the retail sector for the past six months. We are however confident that growth can be achieved as we expand the network of franchised and company stores.



D A SMETANA

CHAIRMAN

Directors' Report

Joyce Corporation Ltd

ABN: 80 009 116 269 and Controlled Entities

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr D A Smetana (appointed 30/11/84)

Mr M A Gurry (appointed 8/05/07)

Mr T R Hantke (appointed 9/06/06)

Mr R Mahoney (appointed 23/03/07)

Mr A Mankarios (appointed 26/02/08)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr M J McLean

Malcolm McLean joined Bedshed in January 2006 as Financial Controller and has worked in a number of organisations involved in the oil industry, IT consulting, financial services and retail. He was appointed Company Secretary for Joyce Corporation Ltd in June 2006 and has over twenty years experience in the accounting and finance fields. Malcolm is a CPA Member of the Australian Society of Certified Practising Accountants.

Principal Activities

The principal activities of the consolidated group during the financial year were:

- Rental of investment property
- Franchisor of the Bedshed chain of retail bedding stores
- Owner of the Bedshed retail stores. New stores opened during the year included Clarkson (WA), Elizabeth (SA), Bundall (QLD), Cranbourne, Waurin Ponds, Bendigo and Shepparton (VIC).

The following significant changes in the nature of the principal activities occurred during the financial year:

- The investment property in South Australia was sold for \$4.2M.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to \$2,066,000.

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Ordinary dividend paid November 2007 (3 cents per share)	\$621,049
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Ordinary dividend paid May 2008 (3 cents per share)	\$621,049
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Ordinary dividend payable November 2008 (3 cents per share)	\$621,049
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Directors' Report

Review of Operations

The Directors of Joyce Corporation Ltd announced a net profit after tax for the financial year 2007/08 of \$2.066M. This represents a decrease of 35% over the previous year and represents a return on shareholders funds of 7.8% (2007:12.6%) . The net profit for the 2007/2008 financial year included a profit on sale of the South Australian investment property of \$1.63M after a provision of \$680K had been taken into account for future rent subsidy payments that will continue to November 2010. The impact of investment property revaluations for the 2007/2008 financial year was negative(\$14K) after allowing for tax (2007 \$2.9M after tax).

Net assets, excluding deferred tax liabilities on recent revaluations, is approximately \$1.44 per share.

Joyce Corporation Ltd continues to own properties in Sydney and Brisbane, these properties have been leased to Joyce Foam Products Pty Ltd. The Brisbane and Sydney properties have shown a negative growth for the 2007/2008 financial year of \$20K (before tax) and the directors do not expect a significant change in these property values in the 2008/2009 financial year.

Bedshed's national retail sales for the year were a 9% like for like increase and a 12% increase in overall terms over the previous year which is a strong result for the retail sector. Bedshed opened six new company operated stores, closed one regional store in Queensland and took over one regional Victorian franchise store during the year.

Financial Position

The net assets of the economic entity have increased by \$1,061,000 from 30 June 2007 to \$26,487,000 in 2008.

Joyce Corporation Ltd completed a review of its borrowing facilities during the financial year and have secured funding from St George which will

meet its needs for the the next few years. This coupled with the sale proceeds from the sale of the South Australian property of \$4.2M places the company in a strong cash position for the future.

With the groups strategic property holdings and expansion of the Bedshed store network the directors believe the group is in a strong position to expand.

Significant Changes in State of Affairs

The following matter has occurred during the financial year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

- The expansion of Company operated Bedshed stores
- The revaluation of investment properties taking contract rental income into account.
- The sale of the South Australian investment property

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affect 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.

- Since balance date the sale of the South Australian property has been finalised and payment received in full.
- The final dividend of 3 cents per share will be paid on 24th November 2008.
- Future Developments, Prospects and Business Strategies
- The forward planning of the Bedshed activities includes expansion of the present 41 stores to approximately 80 over the next five years or so. In the 2008/2009 financial year Bedshed expects to open a minimum of five

Directors' Report

stores including its most recent opening at Helensvale in Queensland.

- Bedshed in future will run a combination of Company owned and operated stores as well as expand its network of franchised stores.
- Single digit growth is expected in coming years on the back of the opening of new stores nationally, increased importing activities and strong trading performance.

Environmental Issues

Joyce Corporation holds licences issued by the Environmental Protection Authority and various other authorities throughout Australia. These licences regulate the management of air and water quality, the storage and carriage of hazardous materials and disposal of wastes associated with the Group's properties. There have been no material known breaches, associated with the Group's licence conditions.

As part of the ongoing testing of Joyce Corporation Ltd's owned sites it was found that traces of a chemical used by Joyce Foam Products was detected in the groundwater at the Moorebank property in NSW and the Elizabeth property in SA. 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 Conservation that no remediation work is required due to the low risk of harm to the environment at both of these locations, 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. If future remedial work is required at the South Australian property Joyce Corporation will be responsible under the sale agreement entered into.

Information on Directors



Mr D A Smetana —
Non-Executive Chairman

Qualifications — Dip Comm
FCPA FAIM FAICD

Experience — Mr Smetana
has been Chairman of Joyce

Corporation Ltd since 1984. He is also Chairman Bed Shed Franchising Pty Ltd. He is a Director and President of the Industrial Foundation for Accident Prevention, Director of Edge Employment Solutions Inc, Vice President and Councillor of the Federation of WA Police and Community Youth Centres (Inc), a Board member Uranium Australia Ltd and Chairman St John of God Comprehensive Cancer Centre Fundraising Committee. His past board memberships include: Deputy Chairman Youth Focus Inc (on Board 1998–2007), Deputy Chairman & Director of Western Power and Chairman of its Finance Committee until 2003, Chairman and National Councillor Defence Reserve Support Council – WA (1997–2006), Director WA Symphony Orchestra until 2003. His Awards include Ian Chisholm Award for Distinguished National Service to Occupational Health and Safety, 2003 Centenary Medal for Service to Commerce and the Community and 1988 – WA Business Executive of the Year.

Interest in Shares and Options — 6,890,310



Mr M A Gurry —
Non-Executive Director

Qualifications — Bachelor of
Science Dip AICD FAICD FAIM

Experience — Mr Gurry was
Managing Director of HBF

from 1995 to 2007 and prior to that he was President Asia Pacific of the DMR Group Ltd, an international consulting firm. From 1996 to 1999 he was Vice President of the Asian Association of Management Organisations, from 1997 to 1999 National President of the Australian Institute of

Directors' Report

Management and from 1999 to 2008 Chairman of United Way WA Inc. Mr Gurry was a member of Ajilon Australia's Advisory Group Board and since 1999 he has been a Trustee and Vice Patron of the Activ Foundation, Chairman of Reignite Pty Ltd and a Commissioner of the Forrest Products Commission and has served on numerous Boards including the Australian Health Insurance Association, The Australian Information Industry Association, The West Australian Ballet and Integrated Group Ltd. Mr Gurry is also chair of St Marys Cathedral Precinct Development Committee and a member of the Perth Archdiocesan Finance Advisory Committee.

Interest in Shares and Options — Nil



Mr T R Hantke

Non-Executive Director

Qualifications — Bachelor of Commerce, FCPA, FAIM, FAICD

Experience — Mr Hantke is Managing Director of his own consulting practice, Franchising Solutions Pty Ltd. Prior to this he was the CEO of Snap Franchising from 1988 - 2001. He has been a Director of Bedshed Franchising Pty Ltd since February 2002 and was appointed to the Joyce Board in June 2006. He was a board member of the Franchise Council of Australia 1989 - 1996; Member of Franchise Policy Council 1997 - 2002; is currently a Member of the ACCC's Franchise Consultative Panel; Deputy Chairman of Lifeline WA and a National Board Member of Lifeline Australia since 2002, and the Chairman of Co-operative Purchasing Services Pty Ltd. Mr Hantke has extensive managerial experience in both small and large organisations and in various industries.

Interest in Shares and Options — Nil



Mr R Mahoney

Executive Director

Experience — Mr Mahoney has been the Managing Director of Bedshed Franchising Pty Ltd and Joyce Corporation Ltd since January 2007. Prior to joining Joyce and Bedshed Mr Mahoney worked for Shell Oil in various executive positions in Europe, New Zealand and Australia. Latterly Mr Mahoney was the Strategic Projects Manager for the Retail Division in Australia. Mr Mahoney has over twenty years experience in Retail Management in various countries and has served on various Boards in Australia and New Zealand.

Interest in Shares and Options — Nil



Mr A Mankarios

Non-Executive Director

Qualifications — Fellow of the Australian Institute of Company Directors, Master of Business Administration (SGSM), Certified Finance and Treasury Professional

Experience — Mr Mankarios has been the Managing Director of Oldfields Holdings Ltd since 2002 and has been a Director of Bedshed Franchising Pty Ltd since February 2008. Mr Mankarios has been a Board Member of Oldfields Holdings Ltd since 2001 and has thirteen years experience in the running and administration of a group of companies in the paint industry.

Interest in Shares and Options — 505,289

Directors' Report

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Joyce Corporation Ltd, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration Committee Charter establishes the role of the Remuneration Committee which is to review and make recommendations on Board and executive Director remuneration: senior management remuneration; executive share plan participation; human resource and remuneration policies; and senior management succession planning, appointments and terminations.

The main responsibilities of the Remuneration Committee includes reviewing and making recommendations on remuneration policies for the company including, in particular, those governing the directors, Managing Director and senior management.

The Remuneration Committee comprises a majority of non-executive directors and at least three members. The Chairman of the committee is appointed by the Board and must be a non-executive director.

The Remuneration Committee is required to meet as and when required by the Chairman. The committee may invite persons deemed appropriate to attend meetings and may take such independent advice as it considers appropriate. Any committee member may request the Chairman call a meeting.

The Remuneration Committee is required to assess its effectiveness periodically. In addition the Charter is required to be revised annually and updated as required.

The employment conditions of the managing director, Mr R Mahoney and the specified executives are formalised in contracts of employment. Other than the managing director, who is employed by Joyce Corporation Ltd all other executives are permanent employees of Bedshed Franchising Pty Ltd.

The employment contracts stipulate a range of one-to three-month resignation periods and all executive contracts contain a performance base component. Termination periods are determined by the resignation period and the company may terminate an executive for serious misconduct without notice.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultants. All executives receive a base salary (which is based on market rates for that position), superannuation, fringe benefits and performance incentives.

The below table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

The sale of the Joyce foams businesses in November 2005 resulted in the 2006 Financials restated to exclude the foam business.

Joyce Corporation Ltd acquired 100% of Bedshed Franchising Pty Ltd in April 2006, having previously held 49% shareholding.

	2004 \$000	2005 \$000	2006 \$000	2007 \$000	2008 \$000
Revenue	64,650	1,689	7,157	15,092	18,068
Net Profit	2,346	2,539	4,451	3,197	2,066
Share Price at Year-end \$	0.57	0.72	1.03	1.26	1.08
Dividends (Cents) Paid	5.00	5.00	11.50	6.50	6.00

Directors' Report

Details of remuneration for the year ended 30 June 2008

The remuneration for each director and each of the executive officers of the consolidated entity during the year was as follows:

2008	Short-term benefits				Post Employment Benefits
	Cash, salary & commissions \$000	Cash profit share \$000	Non-cash benefit \$000"	Other \$000	Super-annuation \$000
Key Management Person					
Mr D A Smetana	29	-	-	136	-
Mr M A Gurry	41	-	-	29	-
Mr T R Hantke	-	-	-	66	-
Mr R Mahoney	289	-	-	49	-
Mr A Mankarios	18	-	-	-	-
Mr M McLean	122	-	14	12	-
Mr J Wrathall	132	-	-	12	-
Mr R Parker	108	-	-	10	-
Mr T Goggin	61	-	-	6	-
Mr D Sanders	22	-	4	2	-
Mr M Zeitoune	99	-	-	9	-
Mr S Jones	135	-	25	20	-
Ms M Vlahos	54	-	-	5	-
Ms S Freedman	95	-	-	9	-
Mr J Lewis	79	-	15	24	-
	1,284	-	58	389	-

2008	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other \$000	Equity \$000	Options \$000	\$000	%
Key Management Person					
Mr D A Smetana	-	-	-	165	-
Mr M A Gurry	-	-	-	70	-
Mr T R Hantke	-	-	-	66	-
Mr R Mahoney	-	-	-	338	-
Mr A Mankarios	-	-	-	18	-
Mr M McLean	-	-	-	148	-
Mr J Wrathall	-	-	-	144	-
Mr R Parker	-	-	-	118	-
Mr T Goggin	-	-	-	67	-
Mr D Sanders	-	-	-	28	-
Mr M Zeitoune	-	-	-	108	-
Mr S Jones	-	-	-	180	-
Ms M Vlahos	-	-	-	59	-
Ms S Freedman	-	-	-	104	-
Mr J Lewis	-	-	-	118	-
	-	-	-	1,731	-

Directors' Report

2007	Short-term benefits				Post Employment Benefits
	Cash, salary & commissions \$000	Cash profit share \$000	Non-cash benefit \$000	Other \$000	Super-annuation \$000
Key Management Person					
Mr D A Smetana	115	-	-	100	-
Mr J F Ries	53	-	-	5	-
Mr T R Hantke	-	-	-	71	-
Mr R Mahoney	121	-	-	15	-
Mr M A Smart	86	-	-	39	-
Mr M McLean	109	-	11	14	-
Mr J Wrathall	124	-	11	-	-
Mr T Goggin	92	-	8	-	-
Mr M Zeitoune	87	-	6	8	-
Mr S Jones	95	-	25	15	-
Ms M Vlahos	87	-	-	8	-
Mr J Lewis	74	-	-	7	-
	1,043	-	61	282	-

2007	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other \$000	Equity \$000	Options \$000	\$000	%
Key Management Person					
Mr D A Smetana	-	-	-	215	-
Mr J F Ries	-	-	-	57	-
Mr T R Hantke	-	-	-	71	-
Mr R Mahoney	-	-	-	136	-
Mr M A Smart	-	-	-	125	-
Mr M McLean	-	-	-	135	-
Mr J Wrathall	-	-	-	135	-
Mr T Goggin	-	-	-	100	-
Mr M Zeitoune	-	-	-	101	-
Mr S Jones	-	-	-	135	-
Ms M Vlahos	-	-	-	95	-
Mr J Lewis	-	-	-	81	-
	-	-	-	1,386	-

Directors' Report

Performance income as a proportion of total remuneration

The managing director and executives are paid performance based bonuses based on a percentage of salary and ranges from 5% to 30%. For the 2008 financial year no performance based payments were made to senior executives. This has led to the proportions of remuneration related to performance varying between individuals. The remuneration committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the economic entity. The remuneration committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Meetings of Directors

During the financial year, eighteen meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

Directors' names	Directors' Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit Committee		Remuneration	
			Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr D A Smetana	11	11	4	2	-	-
Mr M A Gurry	11	10	4	4	-	-
Mr T R Hantke	11	11	4	4	3	3
Mr R Mahoney	11	11	-	-	3	2
Mr A Mankarios	5	5	2	2	3	3

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company paid a premium of \$31,500 to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

Mr D A Smetana

Mr M A Gurry

Mr T R Hantke

Mr R Mahoney

Mr A Mankarios

Directors' Report

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to

auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

	\$
Taxation services	23,000
	<u>23,000</u>

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 53 of the Annual Report.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial 98/100 statements and directors' report have been rounded to the nearest thousand dollars.

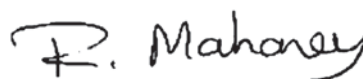
Signed in accordance with a resolution of the Board of Directors.



Mr D A Smetana

DIRECTOR

30 September 2008



Mr R Mahoney

DIRECTOR

Company History

Joyce Corporation Ltd has had a long a varied history, dating back to the establishment of Joyce Bros in 1886 as a hessian and calico bag manufacturer. Since that time it has evolved through bedding and furniture manufacture, via steel and outdoor furniture, inbuilt kitchens, rural activities, through a flexible polyurethane foam and polystyrene foam businesses and a retail franchise activity. It operated across five states in Australia, as well as Singapore and Malaysia and supplied up to 40% of the foam market.

All of this has resulted in the Joyce Corporation Ltd of today focusing on franchised and company

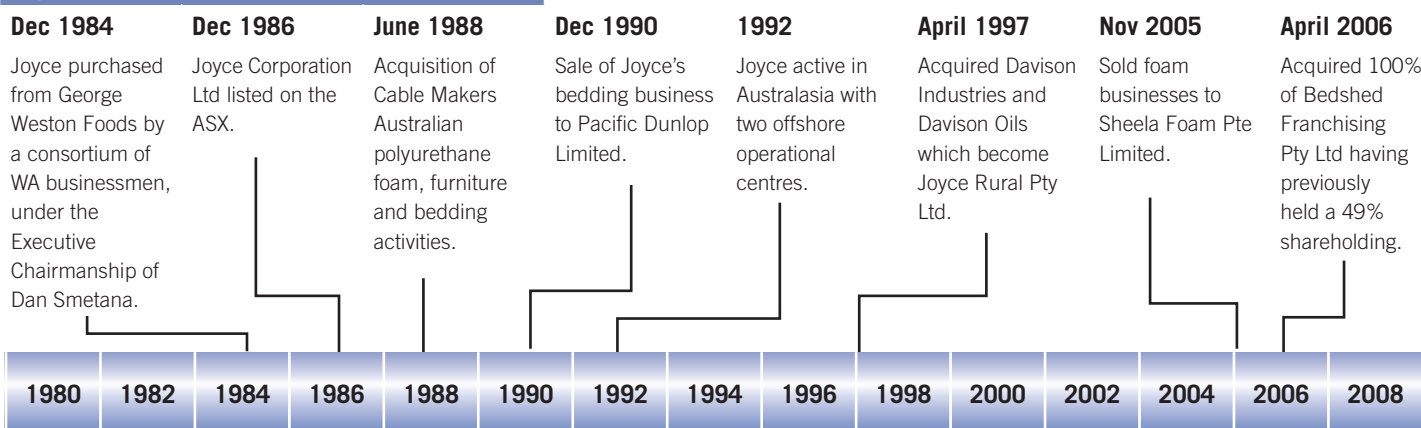
owned Bedshed stores and industrial properties in New South Wales and Queensland.

The Joyce business has undergone development over the years and its focus has changed, but the four cornerstones of the Group remain unchanged:

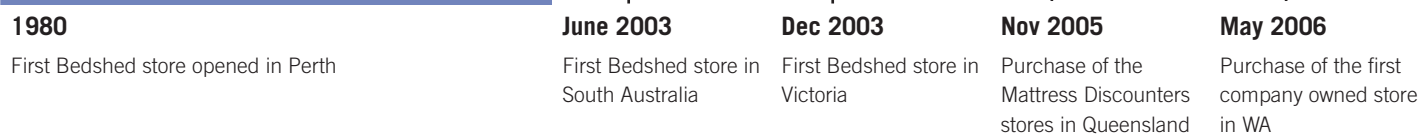
- Integrity
- Innovation
- Service
- Quality

Here are a few milestones along the way:-

Joyce Milestones



Bedshed Milestones



Bedshed is one of Australia's largest specialist bedding and bedroom furniture retailers. From one store in Perth in 1980 Bedshed has expanded and is easily recognized by Bedshed's familiar turn down sheet logo and distinctive purple colour.

Bedshed has a network of company and individually owned stores and is working towards having a network of 80 stores in the next five years.

Managing Director's Report

Performance Overview

Despite a very challenging year in terms of the economic environment Joyce Corporation Ltd generated a profit after tax of \$2.066M for the year ended 30 June 2008.

This profit included the sale of the South Australian investment property for \$4.2M. The profit on the sale of the property was \$1.63M after a provision of \$680K had been taken into account for future rent subsidy payments that will continue to November 2010.

The following table shows a comparison between the 2007 and 2008 financial results:

Description	2007 \$000	2008 \$000
Property Revaluations (After Tax)	2,910	(014)
Bedshed Franchising	173	1,278
Bedshed Stores	138	(582)
Joyce Corporation Ltd	(024)	(246)
Property Sale	-	1,630
Reported Profit	3,197	2,066
Underlying operating profit excluding property revaluations and legal costs	687	1,289

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

Joyce Corporation Ltd's industrial property portfolio in Queensland and New South Wales diminished marginally in value by \$20K this financial year compared with a gain of \$3.87M in the last financial year.

Operating profit for the 2008 financial year, excluding property revaluations, increased by 56% and the underlying operational profit excluding property revaluations and legal costs increased by 87%. The operating result for the Bedshed Stores takes into account the time for a new store to reach maturity and gain consumer awareness.



Managing Director's Report

Bedshed's Performance

2007/2008 has been a year of growth and development for Bedshed Franchising Pty Ltd. As the core business of the Joyce Group, Bedshed Franchising Pty Ltd is the franchisor of one of Australia's largest specialty bedding and bedroom furniture retailers, with stores in Western Australia, Victoria, Queensland and South Australia.

Bedshed's unique retail recipe has proven to be a highly profitable formula during its 28 year history. During the 2007/2008 financial year, Bedshed experienced strong growth with a 9% like for like increase in national store sales and 12% increase in overall terms. Given the lacklustre economy and difficult retail trading environment in the second half of the year, this represents a very strong result.

The sales growth across Bedshed stores has exceeded national retail sales growth figures and has been well supported by the success of the Bedshed Import Program, where leading edge designs are sourced from exclusive overseas manufacturers and sold at very competitive prices. New innovations in the children's furniture segment, coupled with additions to the core bedding and furniture ranges, have resulted in incremental sales for the group.

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

Bedshed added 6 new stores to the network, namely Cranbourne, Bendigo and Waurin Ponds (Geelong) in Victoria, Clarkson in Western Australia, Bundall in Queensland and Elizabeth in South Australia. This expansion took the number of stores to 41 with a plan to have 80 within 5 years.

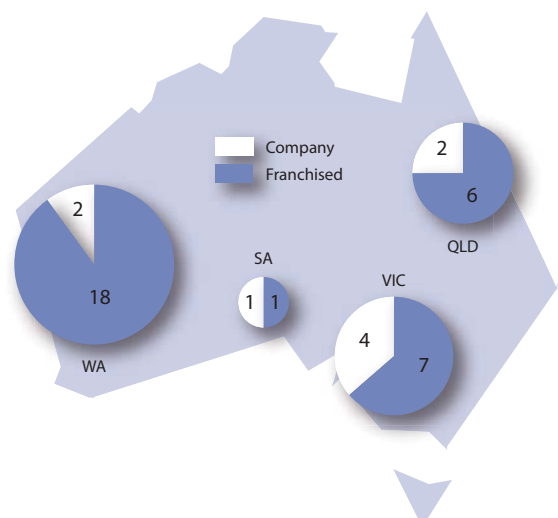
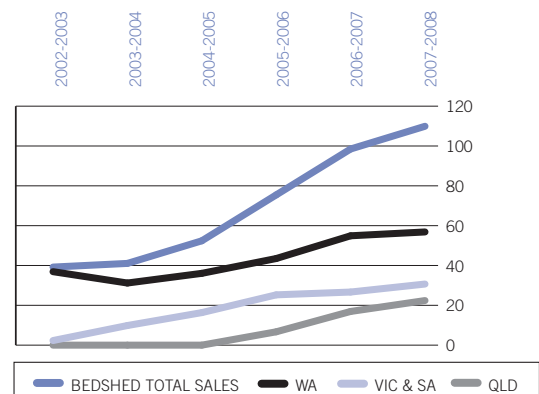
Bedshed took over the Shepparton store from the franchisee during the year and now runs a network of 9 Company owned and operated stores

to complement the 32 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 strong 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 an even better Franchisor.

Number of Stores Nationally



Total Sales by State with National



Managing Director's Report

Looking Forward

An opportunity exists to enter the key New South Wales market and I am confident that this will occur early in the next financial year. This will represent a significant milestone.

Bedshed's investment in Company stores is beginning to pay dividends in terms of profitability. Joyce Corporation Ltd's strategy is for each store to break-even after 2 years. The upfront financial investment in these stores is considerable in the short-term but should reap rewards in the mid-term.

Single digit like for like sales growth is expected this year, but Bedshed still expects to outperform the industry. Over the coming years, the aggressive stores expansion strategy, the maturing of the Company stores network and the further development of the Bedshed Imports Program should see Bedshed deliver robust sales and profit results.

Our People

Human resource investment has taken place too, with the recent appointment of a General Manager (Operations), a Business Improvements Coordinator to improve process efficiencies for all stores and we have introduced a Category Management structure to allow us to drive sales and profit improvements in Furniture, Bedding and Manchester/accessories.

The staff members of Bedshed Franchising Pty Ltd are to be congratulated on their dedication to the business and on their contribution towards the strong sales growth and expansion of the Bedshed stores network.



A handwritten signature in black ink that reads 'R. Mahoney'.

ROB MAHONEY

MANAGING DIRECTOR

The Management Team



Malcolm John McLean, Company Secretary and Financial Controller

Malcolm McLean joined Bedshed in January 2006 as Financial Controller and has worked in number of organisations involved in the oil industry, IT consulting, financial services and retail. He was appointed Company Secretary for Joyce Corporation Ltd in June 2006 and has over twenty years experience in the accounting and finance fields. Malcolm is a CPA Member of the Australian Society of Certified Practising Accountants.



Stuart Mitchell Jones, National Merchandise Manager

Stuart Jones has been the Merchandise Manager for Bedshed Franchising Pty Ltd since 1999. He was also the franchisee for Bedshed Armadale from 1997 – 2003. Prior to that he was National Sales Manager of The Furniture Company from 1994 – 1997. Stuart has had extensive bedding product and retail management at both corporate and retail levels within the furniture industry. In recent years, Stuart has overseen the expansion of Bedshed's import programme.



Sarah Mackinlay Freedman, National Marketing Manager

Sarah Freedman joined Bedshed in September 2007 as National Marketing Manager. Prior to this Sarah was the Marketing Manager for Non Traditional Breads with George Weston Foods managing brands such as Golden, Bazaar Breads, Tip Top Muffins and Top Taste Cakes. In this role, Sarah worked closely with key national supermarkets and the company to develop and roll out innovative new products, reposition brands and on key communications strategies and in-store merchandising solutions. Prior to this Sarah worked with Dairy Farmers in key marketing and sales management roles and began her career with Nestle. Sarah has 10 years plus of Marketing / Sales experience, mostly in management positions with companies in the fast moving consumer goods sector.



Anthony James Wrathall, Business Development Manager

James Wrathall joined Bedshed in July 2006 following his tenure as Gaming Marketing Manager with Burswood Entertainment Complex. Prior to this, James was employed in management and marketing roles with Racing and Wagering WA, and in Property and Business Development related roles with Shell Australia. James has a Bachelor of Business degree and has strong experience in network development, logistics, QA and multi-channel marketing.



Rodney Kym Parker, Business Development Manager

Rod Parker was appointed to the role of Business Development Manager in July 2007. Rod has a diverse wealth of experience and has worked in both small business and corporates such as Shell Australia, Repco, Eastcoast Jeans, and has also been the director of his own company. His employment history includes General Manager of five Eastcoast Jeans franchises, National Manager of the Shell Auto Care franchise and more recently in an international role consulting to Shell UK. He has gained a strong understanding of franchising from both the franchisee's and franchisor's perspective. Rod has a Diploma of Teaching and numerous retail management and training qualifications.



Marwan Zeitoune, Retail Manager, Victoria

Marwan Zeitoune was appointed to the role of Victorian Retail Manager in March 2006. Marwan has a Bachelor of Business in Marketing and Management and has a wealth of experience in retail and marketing roles. His past employers include Myer (Electrical Manager, Logistics Manager, Assistant Project Manager), Multiple Industry Storage Solutions (Marketing Manager), Dysons Appliances (Queensland State Sales Manager) and Pacbrands Sleepmaker (Bedshed National Account Manager and Victorian Commercial Manager).



Jeffrey Allan Lewis, Retail Manager, Queensland

Jeff Lewis started with Bedshed in late 2006 after spending over 3 years as an Operations Manager with ALH. This involved directly overseeing all aspects of the day to day operations of 22 hotels in Queensland. Prior to that Jeff worked with Angus & Robertson as the Queensland Group Manager. Jeff's retail experience started with Michael Hill Jeweller where he worked for 12 years concluding as State Manager of NSW. He brings to Bedshed extensive knowledge of sales and selling skills, and skills in statistical analysis, marketing & merchandising, financial management, operational and compliance standards and behaviours and skill development and training.



Darryl Sanders, Retail Manager, Western Australian

Darryl Sanders joined Bedshed in April 2008 as the Western Australian Retail Manager. Prior to joining Bedshed Darryl was the Group Business Manager for The Just Group and has worked for Foodland Pty Ltd, Spar Pty Ltd South Africa and Woolworths, South Africa. Darryl has in excess of eighteen years experience in retail operations.

Corporate Governance Statement



The Board of Directors of Joyce Corporation Ltd is responsible for the corporate governance of the Company. The Board monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board acknowledges the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ('ASX') Corporate Governance Council. However in view of the Company's current size and extent of the nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company in years ahead. Where the framework is different to the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange Corporate Governance Council, it has been noted.

Principle 1: Lay Solid Foundation for Management and Oversight

The responsibilities of the Board include;

- Oversight of the company, including its control and accounting systems
- Appointing and removing the Managing Director
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company Secretary
- Input into and final approval of management's development of corporate strategy and performance objectives
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available

- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures
- Approving and monitoring financial and other reporting.

All directors and senior executives have a formal letter of appointment setting out key terms and conditions of appointment.

Principle 2: Structure the Board to Add Value

Board Structure

The Board is currently comprised of five directors with four non-executive, including the Chairman and one executive director.

Director Independence

The Chairman is not considered independent due to the size of his shareholding in his control. A director cannot vote on matters that may impact on them (as they fall under the current 5% shareholding independence classification guidelines).

The Board has decided to continue with Mr D Smetana as Chairman in recognition of his considerable experience with the company particularly relative to the other Board members and the Managing Director.

The Board regularly assesses the independence of each Director with the intention to have a majority of Directors being independent. Each Director is required to provide to the Board all relevant information to assist the Board in this regard.

The Board will continue to monitor developments and consider any guidelines that may be issued with respect to the maximum tenure of Directors in order to meet 'independence' guidelines.

Corporate Governance Statement

Nomination and Appointment of New Directors

The Company does not have a formally appointed nomination committee. The Board considers the present Directors are able to discharge the responsibilities of a Director, having regards to the law and the highest standards of governance. Should a vacancy exist, for whatever reason, or where considered that the Board would benefit from the services of a new Director, the Board will select appropriate candidates with relevant qualifications, skills and experience. The Company appointed an additional Director in February 2008.

Board Access to Information and Independent Advice

All directors have access to employees and, subject to the law, access to all company records and information held by employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Consistent with ASX Principle 2, the Company allows each Director to seek individual external advice at the expense of the Company.

Committees of the Board

The Board has established an Audit Committee and a Remuneration Committee to assist the Board in the discharge of its responsibilities.

Audit Committee

Further information about the Audit Committee is provided in the statement under *Principal 4: Safeguard Integrity in Financial Reporting*.

Remuneration Committee

Further information about the Remuneration Committee is provided in the statement under *Principal 9: Remunerate Fairly and Responsibility*.

Principle 3: Promote Ethical and Responsible Decision Making

Conduct and Ethics

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision making by directions. The Code is based on a code of conduct for directors prepared by the Australian Institute of Company Directors and embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of shareholder opportunity.

The principles of the Code are:

- A director must act honestly, in good faith and in the best interests of the company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a director in the course of the exercise of directional duties remains the property of the company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the company.

Corporate Governance Statement

- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The Managing Director is responsible to the Board for the day-to-day management of the Company.

Share Trading Policy

Apart from observing all legal requirements, it is the policy of the Board that all Directors and Senior Executives advise the Board before dealing in Joyce Corporation Ltd shares. Apart from cases of exceptional circumstances, permission to Directors and senior executives to deal in the company's shares is restricted to periods of six weeks following the release of annual and half yearly results and within six weeks following the Annual General Meeting of the Company shareholders. A waiting period of two business days will apply after each of those events. The Board will not authorise trading in Joyce Corporation Ltd shares by Directors or Senior Executives if, in its opinion, that Director or Executive has knowledge of any fact that may effect the share price. The Board also accepts responsibility for reviewing any transactions between the Company and Directors or any interest associated with Directors, to ensure the structure and the terms of the transaction is in compliance with the Corporations Act 2001 and are properly disclosed.

Principle 4: Safeguard Integrity in Financial Reporting

Financial Reporting

CEO and CFO Declaration

Consistent with ASX Principle 4, and in accordance with section 295A of the corporations Act 2001, the company's financial report preparation and approval process for the financial year ended 30 June 2008 involved both the

Managing Director (Chief Executive Officer) and the Chief Financial Officer providing a written statement to the Board that, in their opinion:

- the company's financial report presents a true and fair view of the company's financial condition and operating results and is in accordance with the applicable accounting standards; and
- the company's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.

Audit Committee

The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting, which is consistent with ASX Principle 4.

The Audit Committee has the following responsibilities as set out in its Charter;

- the main responsibilities include oversight and making recommendations on internal and external reporting, the oversight of risk management activities, and external audit; as well as communication between the external auditors and the Board.
- the Audit Committee will comprise only non executive directors and at least three members. The Chairman of the Committee is appointed by the Board and cannot be the Chairman of the Board.
- the Audit Committee may invite any person deemed appropriate to attend meetings and may take such independent advice as it considers appropriate.
- The Audit Committee is required to meet as and when required by the Chairman of the Committee. Any member of the Committee may request the Chairman to call a meeting.
- The Audit Committee is required to assess its effectiveness periodically. In addition the Charter is required to be revised annually and updated as necessary.

Corporate Governance Statement

Appointment of Auditor

The effectiveness, performance and independence of the external auditor is reviewed by the Audit Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the Audit Committee will formalise the procedure and policy for selecting a new external auditor.

Principle 5: Make Timely and Balanced Disclosure

The company has established procedures to ensure there is timely disclosure to the ASX of price sensitive information which may have a material effect on the price or value of the entity's securities.

The Company also posts announcements on its web site to complement the official release of information to the market.

The company is in the process of developing written policies and procedures designed to ensure compliance with ASX Listing Rules on disclosure requirements and to ensure accountability at a senior management level for that compliance.

Principle 6: Respect the Right of Shareholders

The company has an effective shareholder communication procedure. Communication of information to shareholders is through the distribution of an annual report and half yearly report, announcements through the ASX and the media regarding changes in its business.

The company's annual general meeting is a major forum for shareholders to ask questions about the company performance and the external auditors are also invited to attend the annual general meeting and answer shareholder questions.

The company maintains a web site which includes copies of all Corporate Governance policies and procedures as well as all shareholder communications both current and historical.

Principle 7: Recognise and Manage Risk

Identification of Risk

The Board is responsible for overseeing the company's risk management and control framework.

Responsibility for control and risk management is delegated to the appropriate level of management within the company with the Managing Director having ultimate responsibility to the Board for risk management and control framework.

Arrangements in place by the Board to monitor risk management include:

- monthly reporting to the Board in respect of operations and the financial position of the company;
- budgetary expenditure controls;
- monthly reporting to the Board on any pending legal issues
- regular reporting on adherence to health and safety guidelines and policies.

Integrity of Financial Reporting

The Managing Director and the Chief Financial Officer report to the Board that:

- the financial statements of the company for each half and full year present a true and fair view, in all material aspects, of the company's financial condition and operational results and are in accordance with the accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements policy adopted by the Board; and

Corporate Governance Statement

- the company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

The company is in the process of developing a risk management compliance and control policy and procedure document and this will be posted on the company web site when completed.

Role of the Auditor

The Company invites the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 8: Encourage Enhanced Performance

The Remuneration Committee is responsible for the performance review process for both Board and senior management.

The Board is in the process of formalising the performance evaluation process for the Board and its committees.

The Board undertake an ongoing review in relation to its composition and skills mix of the Directors of the Company.

Principle 9: Remunerate Fairly and Responsibly

The Remuneration Committee Charter establishes the role of the committee.

The main responsibilities of the Remuneration Committee include reviewing and making recommendations on remuneration policies for the company including, in particular, those governing the directors, the Managing Director and senior management.

The Remuneration Committee will comprise a majority of non-executive directors and at least three members. The Chairman of the committee is appointed by the Board and must be a non-executive director.

The Remuneration Committee may invite any persons deemed appropriate to attend meetings and may take such independent advice as it considers appropriate.

The Remuneration Committee is required to meet as and when required by the Chairman of the committee. Any committee member may request the Chairman to call a meeting.

The Remuneration Committee is required to assess its effectiveness periodically. In addition the Charter is required to be revised annually and updated as required.

The Remuneration Committee Charter is available on the company web site.

The Managing Director's remuneration package includes a fixed salary component, superannuation and has a 30% component at risk based on performance criteria set by the Remuneration Committee and approved by the Board.

Non-executive directors are only remunerated by way of fees and there are no bonuses, shares or options issued.

The aggregate amount payable to the Company's Non-executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

Principle 10: Recognise the Legitimate Interests of Stakeholders

The company has adopted a Code of Ethics and Conduct for all employees and directors of the company which details policies, procedures and guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability. The directors of the company are

Corporate Governance Statement

also obliged to comply with the Code of Conduct for Directors.

Objective

The code of Ethics and Conduct confirms that the company's primary objective is to provide a satisfactory return to shareholders. The company aims to achieve this by:

- Satisfying the needs of the customers and Franchisees through the provision of goods and services on a competitive and professional basis;
- Providing a safe and fulfilling working environment for employees, rewarding good performance and providing opportunities for advancement;
- Conducting existing operations in an efficient manner and by seeking out opportunities for expansion;
- Responding to the attitudes and expectations of the communities in which the company operates;
- Acting with integrity and honesty in dealings both inside and outside the group.

Values

All employees are expected to:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse information, assets or facilities;
- Value and maintain professionalism;
- Avoid real or perceived conflicts of interest;
- Act in the best interests of shareholders;
- By their actions contribute to the company's reputation as a good corporate citizen which seeks the respect of the communities and environments in which it operates;
- Perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- Exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with Franchisees,

customers, suppliers, and the public generally; and

- Act with honesty, integrity, decency and responsibility at all times.

Under the Code of Ethics and Conduct, all employees are required to comply with the letter and spirit of all applicable laws and regulations in performance of their duties and their dealings with fellow employees, customers, Franchisees, suppliers and all third parties with whom they have contact in the performance of their duties. In addition, all employees have a responsibility to adhere to the Code and ensure that no breaches occur. An employee who breaches the Code may face disciplinary action.

If an employee suspects that a breach of the Code has occurred or will occur, he or she must report that breach to the appropriate company manager.

No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential. In addition, the whistleblower provisions of the Corporations Act 2001 provide specific protection to employees who report breaches or suspected breaches of Corporations Legislation under certain circumstances.

Responsibility for the administration, implementation and periodic review of the Code of Ethics and Conduct lies with the Company Secretary, in consultation with the Chief Executive Officer.

Corporate Governance Statement

Comparison to ASX Corporate Governance Principles and Recommendations

1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Comply
2.1	A majority of the Board should be independent Directors.	Comply
2.1.1.1	The Chairman should be an independent Director.	Does not comply Refer note on Director Independence
2.2	The roles of the Chairman and Managing Director should not be exercised by the same individual.	Comply
2.3	The Board should establish a Nominations Committee.	Does not comply Refer Principle 2 Note
2.4	Provide the information indicated in Guide to Reporting on Principle 2.	Comply
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and any other senior management as to:	
3.1.1	The practices necessary to maintain confidence in the Company's integrity; and	Comply
3.1.2	The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply
3.2	Disclose the policy concerning trading in Company securities by Directors, officers and employees.	Comply
3.3	Provide the information indicated in Guide to Reporting on Principle 3.	Comply
4.1	Require the Chief Executive Officer and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards.	Comply
4.2	The board should establish an Audit Committee.	Comply
4.3	Structure the Audit Committee so the it consists of: <ul style="list-style-type: none"> only Non-Executive Directors; a majority of independent Directors; an independent Chairman, who is not the Chairman of the Board; and at least three members. 	Comply Comply Comply Comply
4.4	Structure the Audit Committee should have a formal Charter.	Comply

Corporate Governance Statement

Comparison to ASX Corporate Governance Principles and Recommendations		
4.5	Provide the information indicated in Guide to Reporting on Principle 4.	Comply
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Does not comply Refer Principle 5 note
5.2	Provide the information indicated in Guide to Reporting on Principle 5.	Comply
6.1	Design and disclose a communications strategy to promote effective communication with shareholder and encourage effective participation at general meetings.	Comply
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Comply
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Does not comply Refer Principle 7 note
7.2	The Chief Executive Officer and Chief Financial Officer should state to the Board in that that:	
7.2.1	The statement given in accordance with the best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal control which implements the policies adopted by the Board; and	Comply
7.2.2	The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Comply
7.3	Provide the information indicated in Guide to Reporting on Principle 7.	Comply
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	Comply
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies, and (ii) the link between remuneration paid to Directors and senior management and corporate performance.	Comply
9.2	The Board should establish a remuneration Committee.	Comply
9.3	Clearly distinguish the structure of the Non-Executive Directors' remuneration from that of executive.	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Comply
9.5	Provide the information indicated in Guide to Reporting on Principle 9	Comply
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Comply

Joyce Corporation Ltd

ABN: 80 009 116 269 AND CONTROLLED ENTITIES

Financial Report 2008

Income Statement for the Year Ended 30 June 2008



	Note	Consolidated Group		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Revenue	2	15,155	9,810	-	-
Cost of Sales		(5,261)	(3,656)	-	-
Gross Profit		9,894	6,154	-	-
Other income		1,308	5,281	747	568
Distribution expense		(463)	(75)	-	-
Marketing expenses		(7)	(24)	-	-
Occupancy expenses		(1,486)	(736)	-	-
Administration expense		(7,358)	(5,053)	(894)	(1,039)
Depreciation and amortisation expense	3	(209)	(360)	5	-
Other expenses		(373)	(632)	(25)	(89)
Finance costs	3	(869)	(323)	(928)	(217)
Profit before income tax	3	437	4,232	(1,095)	(777)
Income tax expense	4	-	(1,036)	-	(75)
Profit from continuing operations		437	3,196	(1,095)	(852)
Profit/(loss) from sale of investment property	2	1,629	-	1,629	-
Profit for the year		2,066	3,196	534	(852)
Profit attributable to outside equity interest		-	-	-	-
Profit attributable to members of the parent entity		2,066	3,196	534	(852)
Overall Operations					
Basic earnings per share (cents per share)	8	10.00	15.44		
Diluted earnings per share (cents per share)	8	10.00	15.44		
Continuing Operations					
Basic earnings per share (cents per share)	8	10.00	15.44		
Diluted earnings per share (cents per share)	8	10.00	15.44		
Dividends per share (cents)	7	6.00	6.50		

The accompanying notes form part of these financial statements.

Balance Sheet as at 30 June 2008



	Note	Consolidated Group		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	4,687	4,279	106	98
Trade and other receivables	10	9,447	5,248	4,428	46
Inventories	11	4,148	1,289	-	-
Other current assets	17	178	50	72	26
TOTAL CURRENT ASSETS		18,460	10,866	4,606	170
NON-CURRENT ASSETS					
Trade and other receivables	10	528	152	24,885	22,789
Financial assets	12	6	6	1,891	1,891
Property, plant and equipment	14	2,705	1,211	513	517
Investment property	15	20,800	22,660	-	1,840
Deferred tax assets	20	262	500	-	75
Intangible assets	16	9,116	9,010	-	-
TOTAL NON-CURRENT ASSETS		33,417	33,539	27,289	27,112
TOTAL ASSETS		51,877	44,405	31,895	27,282
CURRENT LIABILITIES					
Trade and other payables	18	7,728	7,063	198	178
Financial liabilities	19	4,957	19	4,820	-
Short-term provisions	21	474	-	261	-
TOTAL CURRENT LIABILITIES		13,159	7,082	5,279	178
NON-CURRENT LIABILITIES					
Financial liabilities	19	8,514	7,850	7,938	7,846
Deferred tax liabilities	20	3,169	3,760	-	362
Other long-term provisions	21	548	287	535	282
TOTAL NON-CURRENT LIABILITIES		12,231	11,897	8,473	8,490
TOTAL LIABILITIES		25,390	18,979	13,752	8,668
NET ASSETS		26,487	25,426	18,143	18,614
EQUITY					
Issued capital	22	15,617	15,595	15,617	15,595
Reserves		4,694	5,190	-	496
Retained earnings		6,176	4,641	2,526	2,523
TOTAL EQUITY		26,487	25,426	18,143	18,614

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 30 June 2008

	Share Capital					
	Note	Ordinary	Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	Total
Consolidated Group		\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2006		15,570	2,763	2,231	2,959	23,523
Profit attributable to members of parent entity		-	3,197	-	-	3,197
Profit attributable to minority shareholders		-	-	-	-	-
Payment received on partly paid shares		25	-	-	-	25
Transfers to and from reserve						
— asset realisation		-	-	-	-	-
— general reserves		-	-	-	-	-
Deferred Tax Liability		-	27	-	-	27
Sub-total		15,595	5,987	2,231	2,959	26,772
Dividends paid or provided for	7	-	(1,346)	-	-	(1,346)
Balance at 30 June 2007		15,595	4,641	2,231	2,959	25,426
Profit attributable to members of parent entity		-	2,068	-	-	2,068
Payment received on partly paid shares		22	-	-	-	22
Transfers to and from reserve						
— asset realisation		-	708	(708)	-	-
— general reserve		-	-	-	-	-
Deferred Tax Liability		-	-	212	-	212
Sub-total		15,617	7,418	1,735	2,959	27,729
Dividends paid or provided for	7	-	(1,242)	-	-	(1,242)
Balance at 30 June 2008		15,617	6,176	1,735	2,959	26,488

	Share Capital					
	Note	Ordinary	Retained Earnings	Asset Realisation	Financial Assets Reserve	Total
Parent Entity		\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2006		15,570	4,720	496	-	20,786
Profit attributable to members of parent entity		-	(851)	-	-	(851)
Payment received on partly paid shares		25	0	-	-	25
Sub-total		15,595	3,869	496	-	19,960
Dividends paid or provided for	7	-	(1,346)	-	-	(1,346)
Balance at 30 June 2007		15,595	2,523	496	-	18,614
Profit attributable to members of parent entity		-	535	-	-	535
Transfers to and from reserves						
— asset realisation		-	709	(709)	-	-
— general reserve		-	-	-	-	-
Payment received on partly paid shares		22	-	-	-	22
Deferred Tax Liability		-	-	212	-	212
Sub-total		15,617	3,768	-	-	19,386
Dividends paid or provided for	7	-	(1,242)	-	-	(1,242)
Balance at 30 June 2008		15,617	2,526	-	-	18,144

The accompanying notes form part of these financial statements.

Cash Flow Statement

for the Year Ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		16,449	8,474	430	826
Interest received		5	88	519	73
Payments to suppliers and employees		(17,625)	(7,058)	(1,074)	(1,106)
Finance costs		(868)	(197)	(847)	(174)
Income tax paid		-	-	-	-
Net cash provided by (used in) operating activities	27a	(2,039)	1,307	(972)	(381)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	203	-	-
Purchase of property, plant and equipment		(1,816)	(5)	-	(5)
Purchase of other non-current assets		(142)	(3,404)	-	-
Loan to Associated Entities		715	169	(2,710)	(4,793)
Net cash provided by (used in) investing activities		(1,243)	(3,037)	(2,710)	(4,798)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		4,910	6,855	4,910	6,855
Proceeds received from partly paid shares		22	25	22	25
Repayment of borrowings		-	(350)	-	(350)
Dividends paid by parent entity		(1,242)	(1,346)	(1,242)	(1,346)
Net cash provided by (used in) financing activities		3,690	5,184	3,690	5,184
Net increase in cash held		408	3,454	8	5
Cash at beginning of financial year		4,279	825	98	93
Cash at end of financial year	9	4,687	4,279	106	98

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Joyce Corporation Ltd and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Joyce Corporation Ltd as an individual parent entity ('Parent Entity').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Joyce Corporation Ltd and controlled entities, and Joyce Corporation Ltd as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2006.

The accounting policies set out below have been consistently applied to all years presented.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Joyce Corporation Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Joyce Corporation Ltd and wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Joyce Corporation Ltd is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing arrangement whereby each company in the group contributes to the income tax payable in proportion to their contribution to net profit before tax of the consolidated group.

Notes to the Financial Statements

for the Year Ended 30 June 2008

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The method of inventory valuation is weighted average cost.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	5 - 33%
Plant and equipment	6%
Leased plant and equipment	16 - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Investment Property

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment properties are carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(i) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have

Notes to the Financial Statements

for the Year Ended 30 June 2008

been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

j Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Financial Guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from the franchising activity is recognised based on business written sales from franchised stores.

Rental revenue is recognised monthly as defined in the Lease Agreements.

Notes to the Financial Statements

for the Year Ended 30 June 2008

All revenue is stated net of the amount of goods and services tax (GST).

(o) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) **Rounding of Amounts**

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

(q) **Critical Accounting Estimates and Judgments**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2008.

Key Estimates — Investment Property

The group assesses investment property values at each reporting date by obtaining certified valuations from licensed valuers based on accounting standards.

For the year ended 30 June 2008 the investment property values decreased by \$20K (before tax) and this value was brought to account to reflect the current market value of the properties in the accounts.

Key Judgments — Provision for Impairment of Receivables

No provision has been made for the impairment of receivables as the Directors are of the opinion that all receivables will be collected in full.

The financial report was authorised for issue on 30 September 2008 by the board of directors.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 4 Income Tax Expense

Accounting profit before tax from discontinuing operations
Accounting profit before tax from continuing operations
Accounting profit before tax

Income Tax Expense to Accounting Profit:

Tax expense/(benefit) at the statutory income tax rate of 30% (2007:30%)

Other non deductible items

Tax effect of Gain on sale of property

Benefit of tax losses and temporary timing differences not brought to account

Benefit of recognised tax losses not previously brought to account

Income tax expense

Recognised Deferred Tax Balances

Deferred tax liability - revaluation of property and investments

Deferred tax assets

Unrecognised Deferred Tax Balances

Unrecognised deferred tax asset losses

Unrecognised deferred tax asset other

Unrecognised deferred tax liabilities as a result of tax consolidation

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
2,066	4,233	534	(777)
2,066	4,233	534	(777)
620	1,270	160	(233)
254	76	(24)	-
635	-	635	-
-	(110)	-	308
(1,509)	(200)	(771)	-
-	1,036	-	75
3,169	3,760	-	287
262	500	-	-
282	1,791	-	1,791
-	356	35	87
-	(76)	-	(76)
282	2,071	35	1,802

Note 5 Key Management Personnel Compensation

(a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr D A Smetana	Director and Chairman
Mr M A Gurry	Director
Mr T R Hantke	Director
Mr R Mahoney	Director
Mr A Mankarios	Director (Appointed 26 February 2008)
Mr M McLean	Company Secretary
Mr J Wrathall	Business Development Manager WA
Mr R Parker	Business Development Manager VIC
Mr T Goggin	Retail Manager WA (Resigned 15 February 2008)
Mr D Sanders	Retail Manager WA (Appointed 14 April 2008)
Mr M Zietoune	Retail Manager VIC
Mr S Jones	National Merchandise Manager
Ms M Vlahos	National Marketing Manager (Resigned 30 November 2007)
Ms S Freedman	National Marketing Manager (Appointed 3 September 2007)
Mr J Lewis	Retail Manager QLD

(b) Compensation Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including particular experience of the individual concerned, market rates of pay based on external consultation, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement.

Notes to the Financial Statements

for the Year Ended 30 June 2008

(d) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 30.6.07	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.6.08
2008					
Key Management Personnel					-
Mr D A Smetana	6,824,310	-	-	66,000	6,890,310
Mr M A Gurry	-	-	-	-	-
Mr T R Hantke	-	-	-	-	-
Mr R Mahoney	-	-	-	-	-
Mr A Mankarios	505,289	-	-	-	505,289
Mr M McLean	-	-	-	-	-
Mr J Wrathall	-	-	-	-	-
Mr R Parker	-	-	-	-	-
Mr T Goggin	-	-	-	-	-
Mr D Sanders	-	-	-	-	-
Mr M Zietoune	-	-	-	-	-
Mr S Jones	-	-	-	5,000	5,000
Total	7,329,599	-	-	71,000	7,400,599

* Net Change Other refers to shares purchased or sold during the financial year.

Refer to the Remuneration Report section of the Directors Report.

Note 6 Auditors' Remuneration

Remuneration of the auditor of the parent entity for:

— auditing or reviewing the financial report

— taxation services - provided by related practice of auditor

— other services

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
57	85	57	85
23	15	23	50
-	35	-	-

Note 7 Dividends

Distributions paid

Final unfranked ordinary dividend of 3.0 cents per share

Interim unfranked ordinary dividend of 3.0 cents (2007 3.5 cents) per share

2008 proposed unfranked ordinary dividend of 3 cents per share payable November 2008.

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
621	621	621	621
621	725	621	725
621	621	621	621
621	621	621	621

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 8 Earnings per Share

		Consolidated Group	
		2008	2007
		\$000	\$000
(a)	Reconciliation of earnings to profit or loss		
	Profit after tax	2,066	3,197
	Earnings used to calculate basic EPS	2,066	3,197
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Profit from continuing operations	2,066	3,197
	Earnings used to calculate basic EPS from continuing operations	2,066	3,197
(c)	Reconciliation of earnings to profit or loss from discontinuing operations		
	Profit from discontinuing operations		
	Profit attributable to minority equity interest		
	Redeemable and converting preference share dividends		
	Earnings used to calculated basic EPS from discontinuing operations	-	-
		No.	No.
(c)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	20,701,623	20,701,623
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	20,701,623	20,701,623
(d)	Classification of Securities		
	The following securities have been classified as potential ordinary shares and are included in the determination of dilutive EPS:		
	- ordinary shares issued at \$1.955 and paid to \$1.315	380,000	380,000

Note 9 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Cash at bank and in hand		4,687	4,279	106	98
		4,687	4,279	106	98
Reconciliation of cash					
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		4,687	4,279	106	98
Bank overdrafts	19	(4,820)	-	(4,820)	-
		(133)	4,279	(4,714)	98

Note 10 Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CURRENT					
Trade receivables		3,741	4,400	228	20
Provision for doubtful debts	10d(i)	(27)	(204)	-	-
		3,714	4,196	228	20
Other receivables		1,533	1,052	-	-
Receivable - Sale of South Australia Property	2(c)	4,200	-	4,200	-
		9,447	5,248	4,428	20
NON-CURRENT					
Trade receivables		528	152	-	-
Amounts receivable from:					
— wholly-owned entities		-	-	24,885	22,789
		528	152	24,885	22,789

(a) Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

Notes to the Financial Statements

for the Year Ended 30 June 2008

(i) Consolidated Group
Current trade receivables

(i) Parent Entity
Current trade receivables

Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
1 July 2006 \$000	\$000	\$000	30 June 2007 \$000
40	200	(36)	204
40	200	(36)	204
-	-	-	-
-	-	-	-

(i) Consolidated Group
Current trade receivables

(i) Parent Entity
Current trade receivables

Opening Balance	Charge for the Year	Amounts Written Off	Closing Balance
1 July 2007 \$000	\$000	\$000	30 June 2008 \$000
204	(140)	(37)	27
204	(140)	(37)	27
-	-	-	-
-	-	-	-

Note 11 Inventories

CURRENT
At cost
Finished goods

Note	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
	4,148	1,289	-	-
	4,148	1,289	-	-

Note 12 Other Financial Assets

- Shares in other related parties - at cost

Note	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
	6	6	1,891	1,891
	6	6	1,891	1,891

Note 13 Controlled Entities

(a) Controlled Entities Consolidated

Subsidiaries of Joyce Corporation Ltd:

Joyce Rural Pty Ltd
Bedding Investments Pty Ltd
Joyce Industries Pty Ltd
Marfoam Pty Ltd
Sierra Bedding Pty Ltd
Joyce Indpac Limited
Votraint No. 611 Pty Ltd
Joyce Asia Pty Ltd
Bedshed Franchising Pty Ltd

Country of Incorporation	Percentage Owned (%)*	
	2008	2007
Australia	100	100
Australia	100	100
Australia	100	100
Australia	100	100
Australia	100	100
Australia	100	100
Australia	100	100
Singapore	100	100
Australia	100	100

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 14 Property, Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment:

At cost

Accumulated depreciation

Leasehold improvements

At cost

Accumulated amortisation

Total Leasehold Improvements

Leased plant and equipment

Capitalised leased assets

Accumulated depreciation

Total plant and equipment

Total Property, Plant and Equipment

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
3,166	2,260	1,319	1,318
(1,244)	(1,056)	(806)	(801)
1,922	1,204	513	517
16	16	-	-
(12)	(12)	-	-
4	4	-	-
831	67	-	-
(52)	(64)	-	-
779	3	-	-
2,705	1,211	513	517
2,705	1,211	513	517

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leased Plant and Equipment \$000	Leasehold Improvements \$000	Plant and Equipment \$000	Total \$000
Consolidated Group				
Balance at 1 July 2006	14	4	1,305	1,323
Additions	-	-	75	75
Disposals	-	-	(275)	(275)
Additions through acquisition of entity	-	-	140	140
Depreciation expense	(11)	-	(41)	(52)
Balance at 30 June 2007	3	4	1,204	1,211
Additions	828	-	837	1,665
Depreciation expense	(52)	-	(119)	(171)
Balance at 30 June 2008	779	4	1,922	2,705
Parent Entity:				
Balance at 1 July 2006	-	-	513	513
Additions	-	-	4	4
Balance at 30 June 2007	-	-	517	517
Additions	-	-	1	1
Depreciation expense	-	-	(5)	(5)
Balance at 30 June 2008	-	-	513	513

Note 15 Investment Property

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Balance at beginning of year		22,660	18,594	1,840	1,590
Sale of investment	2(c)	(1,840)	-	(1,840)	-
Fair value adjustments		(20)	4,066	-	250
Balance at end of year		20,800	22,660	-	1,840

The fair value model is applied to all investment property. The investment property was valued by registered independent valuers as at 30 June 2008. Joyce Corporation Ltd leases its properties to Joyce Foam Pty Ltd (the Company which acquired the foam businesses in November 2005) at a rental less than the current market value.

Joyce Corporation Ltd sold the South Australian investment property during the year for \$4.2M which was settled in August 2008. A provision for rental shortfall of \$680K was provided for against the sale to cover the rental agreement until November 2010. The shortfall will be paid in monthly installments to the purchaser.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 16 Intangible Assets

Goodwill

Cost

Additions

Accumulated impaired losses

Total intangibles

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
	9,010		9,318
	142		-
	(36)		(308)
	9,116		9,010

Consolidated Group

Year ended 30 June 2007

Balance at the beginning of year

Additions

Impairment

Closing carrying value at 30 June 2007

"Goodwill \$000"	"Goodwill \$000"		
-	6,654	-	-
-	2,664	-	-
-	(308)	-	-
-	9,010	-	-

Year ended 30 June 2008

Balance at the beginning of year

Additions

Impairment

Closing value at 30 June 2008

9,010	-	-	-
142	-	-	-
(36)	-	-	-
9,116	-	-	-

Intangible assets as at 30 June 2008 reflects the value of the Bedshed activities and the Bedshed Joondalup company owned store which was purchased in May 2007. An impairment test has been carried out assuming a 7% increase sales and an increase in operation expenses varying from 3% to 5% over a five year period based on the 2008 - 2009 operating budgets. The sales increase used has taken the retail sales trend applicable to the second half of the financial into account and costs have been based on historical trends. Using a Discounted Cash Flow Rate of 14.65% over a five year period there is no impairment in the Intangible Asset and therefore no amortisation has been provided for.

Impairment Disclosures

Goodwill in the accounts of Bedshed Franchising Pty Ltd has been treated as an impairment cost (\$36K), (2007 \$308K) as it is not possible to determine the appropriate cash generating unit to which the goodwill has been allocated.

Note 17 Other Assets

CURRENT

Prepayments

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
178	50	72	26
178	50	72	26

Note 18 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables

Employee Entitlements

Sundry payables and accrued expenses

Amounts payable to:

— other related parties

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
3,727	2,878	67	4
232	82	-	8
460	1,175	131	166
3,309	2,928	-	-
7,728	7,063	198	178

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 19 Borrowings

CURRENT

Unsecured liabilities

Lease liability

24	137	19	-	-
	137	19	-	-

Secured liabilities

Bank overdrafts

19a,b	4,820	-	4,820	-
	4,820	-	4,820	-
	4,957	19	4,820	-

NON-CURRENT

Unsecured liabilities

Lease liability

24	576	4	-	-
	576	4	-	-

Secured liabilities

Bank loans

19a,b	7,938	7,846	7,938	7,846
	7,938	7,846	7,938	7,846
	8,514	7,850	7,938	7,846

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000

(a) Total current and non-current secured liabilities:

Bank overdraft

Bank loan

4,820	-	4,820	-
7,938	7,846	7,938	7,846
12,758	7,846	12,758	7,846

- (b) The available bank facility is \$13,500,000. This facility was negotiated with St George in March 2008 and comprises a fixed commercial bill for \$8,000,000 for a five year term and an overdraft facility of \$5,500,000 which is renewable on an annual basis. The unused facility at 30 June 2008 is \$742,000. There is a fixed and floating charge over the Group Assets as security over the facility.

The covenants with the bank includes an interest rate cover ratio of 2.00 times where the cover is earnings before interest and tax divided by interest charged, gearing ratio to be a maximum of 0.80 times where gearing is Total Debt divided by Total Equity, LVR ratio of 60% and dividend payments cannot be greater than 60% of profit after tax.

(c) The carrying amounts of non-current assets pledged as security are:

Floating charge over assets, including listed investments at market value

20,800	22,660	-	1,840
20,800	22,660	-	1,840

Note 20 Tax

NON-CURRENT

Consolidated Group

Deferred Tax Liability

Investment Property

Balance as at 30 June 2007

Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance(\$
2,224	1,536	-	-	-	3,760
2,224	1,536	-	-	-	3,760

Investment Property

Balance as at 30 June 2008

3,760	(591)	-	-	-	3,169
3,760	(591)	-	-	-	3,169

Deferred Tax Assets

Other

Balance as at 30 June 2007

-	500	-	-	-	500
-	500	-	-	-	500

Other

Balance as at 30 June 2008

500	(238)	-	-	-	262
500	(238)	-	-	-	262

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

- temporary differences \$350 (2007: \$356)
- tax losses: operating losses \$0 (2007: \$1,791)
- tax losses: capital losses \$0 (2007: \$0)

Notes to the Financial Statements

for the Year Ended 30 June 2008

Parent Entity

Deferred Tax Liability

Investment Property

Balance as at 30 June 2007

Investment Property

Balance as at 30 June 2008

Deferred Tax Assets

Other

Balance as at 30 June 2007

Other

Balance as at 30 June 2008

Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Changes in Tax Rate \$	Exchange Differences \$	Closing Balance \$
212	150	-	-	-	362
212	150	-	-	-	362
362	(362)	-	-	-	-
362	(362)	-	-	-	-
-	75	-	-	-	75
-	75	-	-	-	75
75	(75)	-	-	-	-
75	(75)	-	-	-	-

Note 21 Provisions

Environmental Testing

Opening balance at 1 July 2007

Additional provisions

Amounts used

Balance at 30 June 2008

Employee Entitlements

Opening balance at 1 July 2007

Additional provisions

Amounts used

Balance at 30 June 2008

South Australia Rental Shortfall

Opening balance at 1 July 2007

Additional provisions - Recognised at 30 June 2008

Amounts used

Balance at 30 June 2008

Analysis of Total Provisions

Current

Non-current

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
287	500	282	500
-	-	-	-
(190)	(13)	(190)	(18)
97	287	92	282
10	5	5	5
7	5	-	-
-	-	-	-
17	10	5	5
-	-	-	-
680	-	680	-
-	-	-	-
680	-	680	-
474	-	261	-
548	287	535	282
1,022	287	796	282

Other (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 South Australian and New South Wales properties. 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.

Provision for Rental Shortfall

A provision has been recognised for the payment of rental shortfall following the sale of the South Australian investment property. Under the lease arrangement rent was charged at lower than market value until November 2010. The rent shortfall will be paid in monthly installments till November 2010.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Note 22 Issued Capital

20,321,623 (2007:20,321,623) fully paid ordinary shares
380,000 (2007: 380,000) ordinary shares issued at \$1.955 and paid to \$1.12 cents

There has been no movement in the ordinary shares 2007:2008.

(a) Ordinary Shares

At the beginning of reporting period
At reporting date

(b) Partly Paid Shares

At the beginning of reporting period
Additional amounts paid on partly paid shares
At reporting date
At reporting date

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
15,167	15,167	15,167	15,167
450	428	450	428
15,617	15,595	15,617	15,595

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
15,167	15,167	15,167	15,167
15,167	15,167	15,167	15,167

428	403	428	403
22	25	22	25
450	428	450	428
15,617	15,595	15,617	15,595

(c) Capital Management

Management control the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 30% and 50%. The gearing ratio's for the year ended 30 June 2008 and 30 June 2007 are as follows:

Note	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total borrowings	18, 19	20,486	14,909	12,956
Less cash and cash equivalents	9	(4,687)	(4,279)	(106)
Net debt		15,799	10,630	12,850
Total equity		26,487	25,426	18,143
Total capital		42,286	36,056	30,993
Gearing ratio		37%	29%	41%

Note 23 Reserves

Asset revaluation
Financial assets

Note	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Asset revaluation	2,623	3,119	-	496
Financial assets	2,071	2,071	-	-
	4,694	5,190	-	496

(a) Asset Revaluation Reserve

Movements during the year

Opening balance	3,119	3,119	496	496
Adjustment to opening balances in relation to the transitional exemptions followed by AASB 1 "First-time Adoption of Australian Equivalents Financial Reporting Standards"				
Transfer to retained earnings	(708)	-	(708)	-
Deferred Tax				
Balance 30 June 2007	2,411	3,119	(212)	496
Reversal of Deferred Tax Liability	212	-	212	-
Closing balance	2,623	3,119	-	496

The Asset Revaluation Reserve has been adjusted at 30 June 2008 to reflect the change after the sale of the South Australian investment property. The value of the reserve has been transferred to Retained Earnings as it represented the initial allocation to reserves when the property was initially classified as an investment property.

The asset revaluation reserve records revaluations of non-current assets. As a consequence of adopting the cost basis the balance of the asset revaluation reserve is no longer available for asset write-downs.

Notes to the Financial Statements

for the Year Ended 30 June 2008

(b) Financial Assets Reserve

Movements during the year

Opening balance
Deferred Tax
Closing balance

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$	\$	\$	\$
2,071	2,071	-	-
-	-	-	-
2,071	2,071	-	-

The financial assets reserve records revaluation of financial assets

Note 24 Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable
— not later than 12 months
— between 12 months and 5 years
— greater than 5 years
Minimum lease payments
Less future finance charges
Present value of minimum lease payments

Note	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
	205	24	-	-
	691	-	-	-
	896	24	-	-
	(183)	(1)	-	-
19	713	23	-	-

Finance lease agreements have been entered into for vehicles and equipment at company owned stores and the finance arrangement is for a five year period.

(b) Property Lease Rental Income

Rental income receivable from rental agreements
Receivable
— not later than 12 months
— between 12 months and 5 years
— greater than 5 years

(d)

887	891	-	42
3,155	3,939	-	104
2,336	3,214	-	-
6,378	8,044	-	146

(c) Property Lease Rental Expense

Rental expense on corporate office and stores
Payable
— not later than 12 months
— between 12 months and 5 years
— greater than 5 years

2,657	794	-	-
9,141	2,678	-	-
2,446	766	-	-
11,587	3,444	-	-

(d) Capital Expenditure Commitments

Capital expenditure commitment for store development
Payable:
— not later than 12 months

2,200	-	-	-
2,200	-	-	-

(d) The property leases are non-cancellable lease expiring in 2010 for the Queensland property and 2015 for the New South Wales property, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI per annum. An option exists to renew the lease at the end of the lease term for an additional term of five years. If the lease is renewed the rate is current market value.

Note 25 Contingent Liabilities and Contingent Assets

Contingent Liabilities

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. 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.

Bedshed Claremont

The current 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 and judgment in favour of Bedshed was handed down in May 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 the end of 2008. The directors do not believe that the issue of the trial costs will have a significant impact on the group's financial performance.

Notes to the Financial Statements

for the Year Ended 30 June 2008

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 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. 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 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.

Note 26 Segment Reporting

	Bedshed Franchising		Bedshed Stores		Investment Properties/ Joyce		Consolidated Group (Continuing Operations)	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Primary Reporting — Business Segments								
REVENUE								
External Sales	5,788	4,302	9,584	5,509	-	-	15,372	9,811
Sale of property	-	-	-	-	1,629	-	1,629	-
Other segments	-	-	-	-	1,091	1,161	1,091	1,161
Total sales revenue	5,788	4,302	9,584	5,509	2,720	1,161	18,092	10,972
Unallocated revenue								
Total revenue							18,092	10,972
RESULT								
Segment result	1,278	244	(582)	68	1,390	(199)	2,086	113
Revaluation Investment Property to segment result	-	-	-	-	(20)	4,120	(20)	4,120
Profit before income tax							2,066	4,233
Income tax expense							-	(1,036)
Profit after income tax							2,066	3,197
ASSETS								
Segment assets	7,936	5,950	2,011	3,551	42,093	34,904	52,040	44,405
Total assets							52,040	44,405
LIABILITIES								
Segment liabilities	3,321	5,609	576	3,401	21,656	9,969	25,553	18,979
Total liabilities							25,553	18,979
OTHER								
Acquisitions of non-current segment assets	62	75	1,603	140	1	-	1,666	215
Depreciation and amortisation of segment assets	94	357	110	3	5	-	209	360
Other non-cash segment expenses	156	432	1,713	143	6	-	1,875	575
Segments								
	Segment Revenues from External Customers							
	2008 \$000		2007 \$000					
Geographical location:								
Australia			17,913	10,972				
			17,913	10,972				

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Business and Geographical Segments

Business segments

The consolidated group has the following three business segments:

- The Bedshed retail bedding franchise operation
- The operation of company owned Bedshed stores in WA, SA, VIC and QLD
- The property in New South Wales, Queensland and South Australia which are leased under the sale agreement of the Foam Business

Geographical segments

The economic entity's business segments are located in Australia

Note 27 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Profit after income tax	437	3,196	(1,095)	(852)
Non-cash flows in profit				
Depreciation/Amortisation	214	360	5	-
Provision for doubtful debts	(115)	(217)	-	-
Revaluations of properties	14	(4,444)	-	(250)
Write-off of obsolete stock	71			
Changes in assets and liabilities, net of the effects of purchase and disposal of				
(Increase)/decrease in trade and term receivables	(377)	(1,153)	202	44
(Increase)/decrease in prepayments	(128)	(14)	46	(3)
(Increase)/decrease in inventories	(2,860)	693	-	-
Increase/(decrease) in trade payables and accruals	665	2,116	20	828
Increase/(decrease) in income taxes payable	-	1,036	-	-
(Increase)/decrease in deferred taxes payable	(150)		(150)	-
Increase/(decrease) in provisions	190	(266)	-	(148)
Cash flow from operations	(2,039)	1,307	(972)	(381)

(b) Non-cash Financing and Investing Activities

- (i) During the year the consolidated group acquired plant and equipment with an aggregate value of \$896,000 (2007: (\$0) by means of finance leases. These acquisitions are not reflected in the cash flow statement.

(c) Credit Standby Arrangements with Banks

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Credit facility	13,500	7,975	13,500	7,975
Amount utilised	(12,758)	(7,846)	(12,758)	(7,846)
	742	129	742	129

The major facilities are summarised as follows:

Bank overdrafts	5,500	-	5,500	-
-----------------	-------	---	-------	---

Bank overdraft facilities are arranged with St George with the general terms and conditions being set and agreed to annually

Interest rates are variable and subject to adjustment

Commercial Bill facility fixed for five years

	8,000	7,975	8,000	7,975
	13,500	7,975	13,500	7,975

Finance will be provided under all facilities provided the company and the consolidated group have not breached any borrowing requirements and the required financial ratios are met.

Note 28 Events After the Balance Sheet Date

No matters or circumstances 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.

Final dividend of three cents per share will be paid 24th November 2008.

Sale proceeds from the sale of the South Australian investment property were received in August 2008.

Note 29 Related Party Transactions

(i) Disclosures relating to directors:-

Those directors or their director-related entities received dividend payments, which were made on the same basis as those made to other shareholders, during the year ended 30 June 2008

(ii) Transactions entered into during the year between the Company and its controlled entities and directors of the Company and their director-related entities were within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers or employees.

Notes to the Financial Statements

for the Year Ended 30 June 2008

- (iii) Consulting fees paid to Anatem Pty Ltd ATF The Forrest Trust for Mr D Smetana \$196,675 (2007 - \$184,913)
- (iii) Consulting fees paid to Franchising Solutions Pty Ltd for Mr T Hantke \$8,250 (2007 - Nil)

The wholly owned group consists of Joyce Corporation Ltd and its wholly owned controlled entities as set out in Note 13. Joyce Corporation Ltd is the ultimate controlling entity. The names of the substantial shareholders in Joyce Corporation Ltd are shown in the Annual Report under 'Shareholder Information'.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(a) Other Related Parties

Interest paid to Mr D Smetana on loan to Joyce Corporation Ltd calculated on bank rate plus 1.95% - Repaid in full 2006/2007

Consulting fees paid to Anatem Pty Ltd ATF The Forrest Trust for Mr D Smetana

Consulting fees paid to Franchising Solutions Pty Ltd for Mr T Hantke

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$000	\$000	\$000	\$000
-	17	-	17
197	185	197	185
8	-	-	-

Note 30 Financial Risk Management

(a) Financial Risk Management Policies

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

(i) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk.

Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities and financial liabilities.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The group negotiated new credit facilities with St George in March 2008 with a fixed commercial bill maturing in five years.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is managed on a group basis and reviewed monthly through debtor meetings attended by senior management and support staff responsible for the day to day collection of debts.

The credit risk for counterparties included in trade and other receivables at 30 June 2008 is detailed below:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Trade and other receivables				
Franchising Activities	5,547	5,354	-	-
Other	4,428	46	4,428	46
Total	9,975	5,400	4,428	46

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

(ii) Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

Notes to the Financial Statements

for the Year Ended 30 June 2008

Economic Group

Financial Assets:

Cash and cash equivalents
Receivables

Total Financial Assets

Weighted Average Effective Interest Rate %		Floating Interest Rate \$000		Fixed Interest Rate Maturing			
				Within 1 Year \$000		1 to 5 years \$000	
2008	2007	2008	2007	2008	2007	2008	2007
4.5%	4.0%	4,687	4,279	-	-	-	-
				-	-	-	-
		4,687	4,279	-	-	-	-
		Fixed Interest Rate Maturing Over 5 Years \$000		Non-interest Bearing \$000		Total \$000	
2008	2007	2008	2007	2008	2007	2008	2007
		-	-	-	-	4,687	4,279
		-	-	9,975	5,400	9,975	5,400
		-	-	9,975	5,400	14,662	9,679

Financial Assets:

Cash and cash equivalents
Receivables

Total Financial Assets

Economic Group

Financial Liabilities:

Bank loans and overdrafts
Trade and sundry payables
Lease liabilities

Total Financial Liabilities

Weighted Average Effective Interest Rate %		Floating Interest Rate \$000		Fixed Interest Rate Maturing			
				Within 1 Year \$000		1 to 5 years \$000	
2008	2007	2008	2007	2008	2007	2008	2007
8.0%	8.5%	4,820	-	-	-	7,938	7,846
		-	-	-	-	-	-
		-	-	137	19	576	4
		4,820	-	137	19	8,514	7,850
		Fixed Interest Rate Maturing Over 5 Years \$000		Non-interest Bearing \$000		Total \$000	
2008	2007	2008	2007	2008	2007	2008	2007
		-	-	-	-	12,758	7,846
		-	-	4,187	4,053	4,187	4,053
		-	-	-	-	713	23
		-	-	4,187	4,053	17,658	11,922

Financial Liabilities:

Bank loans and overdrafts
Trade and sundry payables
Lease liabilities

Total Financial Liabilities

Parent Entity

Financial Assets:

Cash and cash equivalents
Receivables

Total Financial Assets

Weighted Average Effective Interest Rate %		Floating Interest Rate \$000		Fixed Interest Rate Maturing			
				Within 1 Year \$000		1 to 5 years \$000	
2008	2007	2008	2007	2008	2007	2008	2007
4.5%	4.0%	106	98	-	-	-	-
		-	-	-	-	-	-
		106	98	-	-	-	-
		Fixed Interest Rate Maturing Over 5 Years \$000		Non-interest Bearing \$000		Total \$000	
2008	2007	2008	2007	2008	2007	2008	2007
		-	-	-	-	106	98
		-	-	4,428	46	4,428	46
		-	-	4,428	46	4,534	144

Financial Assets:

Cash and cash equivalents
Receivables

Total Financial Assets

Parent Entity

Financial Liabilities:

Bank loans and overdrafts
Trade and sundry payables

Total Financial Liabilities

Weighted Average Effective Interest Rate %		Floating Interest Rate \$000		Fixed Interest Rate Maturing			
				Within 1 Year \$000		1 to 5 years \$000	
2008	2007	2008	2007	2008	2007	2008	2007
8.0%	8.5%	4,820	-	-	-	7,938	7,846
		-	-	-	-	-	-
		4,820	-	-	-	7,938	7,846
		Fixed Interest Rate Maturing Over 5 Years \$000		Non-interest Bearing \$000		Total \$000	
2008	2007	2008	2007	2008	2007	2008	2007
		-	-	-	-	12,758	7,846
		-	-	198	178	198	178
		-	-	198	178	12,956	8,024

Financial Liabilities:

Bank loans and overdrafts
Trade and sundry payables

Total Financial Liabilities

Notes to the Financial Statements

for the Year Ended 30 June 2008

Trade and sundry payables are expected to be paid as follows:

Less than 6 months
6 months to 1 year
1-5 years
Over 5 years

Consolidated Group		Parent Entity	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
4,187	4,053	198	178
-	-	-	-
-	-	-	-
-	-	-	-
4,187	4,053	198	178

(iii) Net Fair Values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2008		2007	
	"Carrying Amount \$'000"	"Net Fair Value \$'000"	"Carrying Amount \$'000"	"Net Fair Value \$'000"
Financial Assets				
Term Debtors	9,447	9,447	5,248	5,248
Cash and cash equivalents	4,687	4,687	4,279	4,279
Loans and receivables	9,975	9,975	5,400	5,400
	24,109	24,109	14,927	14,927
	2008		2007	
	"Carrying Amount \$'000"	"Net Fair Value \$'000"	"Carrying Amount \$'000"	"Net Fair Value \$'000"
Financial Liabilities				
Trade and other payables	4,187	4,187	4,053	4,053
Bank Borrowings	12,748	12,748	7,846	7,846
Lease Liability	713	713	23	23
Converting and redeemable preference shares				
Other liabilities				
	17,648	17,648	11,922	11,922

(iv) Sensitivity analysis

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

The interest Rate Sensitivity Analysis has been based on the cash borrowings as shown in the Balance Sheet as at 30 June 2008.

As at 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Change in profit				
– Increase in interest rate by 0.5%	(17)	(28)	(17)	(28)
– Decrease in interest rate by .5%	17	28	17	28
Change in equity				
– Increase in interest rate by 0.5%	(17)	(28)	(17)	(28)
– Decrease in interest rate by 0.5%	17	28	17	28

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The sensitivity analysis takes into account deferred tax.

Note 31 Change In Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB 8 Operating Segments replaces the presentation for annual reporting periods beginning on or after 1 January 2009 and it is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.

AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets.

Notes to the Financial Statements

for the Year Ended 30 June 2008

AASB 3 Business Combinations (March 2008) replaces AASB 3 Business Combinations (April 2007) and amends how entities account for business combinations and changes in ownership interests in subsidiaries. As the entity has not been a party to a business combination during this year this standard is not expected to have any impact on the entity's accounts

AASB 101 Presentation of Financial Statements contains a number of changes from the previous AASB 101 and requires that an entity must present all non-owner changes in equity ("comprehensive income") either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income), present an additional statement of financial position as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, disclose income tax relating to each component of other comprehensive income, and disclose reclassification adjustments relating to components of other comprehensive income. AASB 101 is applicable for reporting periods beginning after 1 January 2009.

AASB 123 Borrowing Costs replaces AASB 114 Segment Reporting and incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The standard applies to entities with an annual reporting period commencing 1 January 2009.

AASB 127 Consolidated and Separate Financial Statements (March 2008) supersedes AASB 127 Consolidated and Separate Financial Statements (July 2004) and amends how entities account for business combinations and changes in ownership interests in subsidiaries. The standard is applicable to entities with a reporting period commencing 1 July 2009.

AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 consequentially amends a number of AASB's as a result of the reissue of AASB 101 so as to better align with IFRS Terminology. The standard is applicable to entities with a reporting period commencing 1 January 2009.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations. AASB 2008-1 was issued after changes were made AASB 2 Share Based -Payments including clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. The standard is applicable to entities with a reporting period commencing 1 July 2009.

AASB 2008-2 AASB-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]. AASB 2008-2 makes amendments to AASB 132 and AASB 101, permitting certain puttable financial instruments to be classified as equity rather than liabilities, subject to certain criteria being met. The standard is applicable to entities with a reporting period commencing 1 July 2009.

AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139 and Interpretations 9 & 107]. AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards. The standard is applicable to entities with a reporting period commencing 1 July 2009

Note 32 Company Details

The registered office of the company is:

Joyce Corporation Ltd
14 Collingwood Street
Osborne Park WA 6017

The principal places of business are:

Joyce Corporation Ltd
14 Collingwood Street
Osborne Park WA 6017

Directors' Declaration



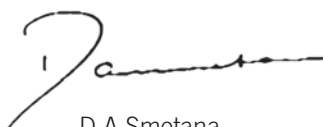
The directors of the company declare that:

1. the financial statements and notes, as set out on pages 27 to 51, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Director



D A Smetana

Dated this 30th day of September 2008

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT To the members of Joyce Corporation Ltd

Report on the Financial Report

We have audited the accompanying financial report of Joyce Corporation Ltd (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Electronic Presentation of Audited Financial Report

This auditor's report relates to the financial report of Joyce Corporation Ltd for the year ended 30 June 2008 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Joyce Corporation Ltd is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 5 to 7 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Joyce Corporation Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

Chartered Accountants



P W Warr
Partner

Perth, 30 September 2008

Additional Information



The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	79,223	
1,001 – 5,000	512,816	
5,001 – 10,000	550,668	
10,001 – 100,000	3,302,295	
100,001 – and over	15,876,621	
	20,321,623	-

b. The number of shareholdings held in less than marketable parcels is 201

c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2008 are:

Shareholder	Number	
	Ordinary	Redeemable
Smetana Family Holding	6,890,310	
UBFA Pty Ltd	1,520,000	
Wallbay Pty Ltd	1,111,851	
Mr Donald Teo	990,000	
Trafalgar Place Nominees	723,567	

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Adamic Pty Ltd - Adamic Super Fund	3,525,881	17.35
2. Peduncle Pty Ltd	2,967,728	14.60
3. UFBA Pty Ltd	1,520,000	7.48
4. Wallbay Pty Ltd	1,111,851	5.47
5. Mr Donald Teo	990,000	4.87
6. Trafalgar Place Nominees	723,567	3.56
7. JWT Supperannuation Pty Ltd	668,566	3.29
8. Mr Richard Hamilton Bartlett	501,230	2.47
9. Divpass Pty Ltd	475,000	2.34
10. Brazil Farming Pty Ltd	449,443	2.21
11. DA & JG Smetana ATF Smetana Family Trust	390,167	1.92
12. A&C Mankarios	360,289	1.77
13. Pynland Pty Ltd	314,886	1.55
14. Mr Daniel Smetana	280,000	1.38
15. Mr John Martin Wright	229,463	1.13
16. Mr Keith Knowles	219,650	1.08
17. ASB Nominees Limited	212,338	1.04
18. Argus Clothing Pty Ltd	190,000	0.93
19. Conard Holdings Pty Ltd	186,540	0.92
20. PBL Investments Pty Ltd	180,000	0.89
	15,496,599	76.25

2. The name of the company secretary is Mr M J McLean

3. The address of the principal registered office in Australia is 14 Collingwood Street, Osborne Park WA 6017. Telephone 08 9445 1055.

4. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.



Joyce Corporation Ltd

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