

26 February 2015

## **Chairman's Letter on Half Year Results Ending 31 December 2014**

I am pleased to announce that Joyce Corporation Ltd (the "Company") recorded a net profit after tax of \$3.2 million for the half year to 31 December 2014, compared to \$0.755 Million in the previous comparable half. This is up significantly and is partly due to the re-valuation of our Investment Property based on market movements in sales experience, to which I will refer a little later.

The operating profit from continuing operations and from ordinary activities, excluding the property revaluation and impairment charges is \$1.34 Million compared to the corresponding previous half year period \$701K, up over 90%.

The consolidated revenue for the half year to December 2014 is \$12.66 million compared to \$7.5 million in the same period last year, up 69%.

The Group at the close of business on 31 October 2014 decided to convert its remaining Convertible Notes in the associate KWB Group Pty Ltd. This now brings the total equity in the new subsidiary to 57%. The recent trading is reflected in the results, and we are also encouraged with the trading since December 2014.

Previously, as Chairman, I have addressed shareholders stating that we would not likely be long term holders of this industrial property. Our Moorebank property, a large 41,800 sq mtr land parcel with approx. 20,000 sq mtr of building on it has been subject to a number of formal offers of late. It is ideally located near the M5 freeway and is close to the planned Inter-modal development in South West Sydney.

The Board has adopted the previous valuation methodology updated to reflect altered net yield parameters on a conservative basis. The property has been revalued to the updated value less any accrued selling costs and other expenses that may potentially arise to a net \$22 million at 31 December 2014. This still leaves room for improvement should we exchange a sale contract on this property above this carrying value. Negotiations with a prospective purchaser are continuing.

The Company is pleased to announce it will pay an interim unfranked dividend of 2.5 cents per ordinary share including partly paid shares (with no conduit income). The record date for this will be Monday 16<sup>th</sup> March 2015, with the payment date being the 31<sup>st</sup> March 2015. We have brought the payment date forward from our normal July payment to help reward shareholders as we currently have ample cash.

Should the property be sold we anticipate an increase in returns to shareholders. This will be decided upon later. I remind you that the Company will pay tax as a result of the sale in 2016 and as such it would result in the payment of franked Dividends in the near future.

A sale of this property would put the Group into an impregnable position.

The cash resulting from the sale would allow the Company to pay down all current bank debt of approximately \$7.3 million. It would also allow us to consider appropriate growth opportunities and investment for the future benefit of the shareholders.

In summary Joyce Corporation is experiencing net earnings growth. With the sale of the property, we anticipate to be free of bank debt possibly as early as this calendar year and to have significant cash of around \$12 million dollars plus surplus trading funds to explore the next steps for our development and growth plans as well as shareholder benefits.

I would like to take the opportunity to thank all the stakeholders including our Board and all the executive teams in particular Executive Director Mr. Anthony Mankarios, CFO Mr. Keith Gray, Bedshed General Manager Mr Gavin Culmsee and KWB management Mr John Bourke and Mr Chris Palin for a splendid result and look forward to the remainder of the financial year and the prospects of positive growth ahead.

Dan Smetana  
Non-Executive Chairman