

JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4D

Half year Report

For the half year ended 31 December 2014

**(Previous corresponding period being the half year ended 31
December 2013)**

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

APPENDIX 4D

Results for Announcement to the Market

JOYCE CORPORATION LTD

FOR THE PERIOD ENDED 31 DECEMBER 2014

Name of Entity:	Joyce Corporation Ltd	
1. Details of the current and prior reporting period		
Current Period:	1 July 2014 to 31 December 2014	
Prior Period:	1 July 2013 to 31 December 2013	
2. Results for announcement to the market		
	\$A'000	
2.1 Revenues from overall ordinary activities	Up 69% from \$7,498 to	\$12,662
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up from \$755 to	\$3,207
2.3 Net profit before tax for the period attributable to members	Up from \$1,110 to	\$4,883
2.4 Profit from continuing operations before tax attributable to members	Up from \$1,157 to	\$4,887
2.5 Dividend distributions	Amount per security	Franked amount per security
A dividend declared 24 th February 2015 payable 31 March 2015 with no conduit foreign income	2.5 cents	Nil
Previous Corresponding Period (no CFI) Paid 31 July 2014	1.5 cents	Nil
Dividend paid 28 July 2013	1.0 cents	Nil
Dividend paid 21 November 2013	2.0 cents	Nil
Dividend paid 21 November 2014	2.1 cents	Nil
2.6 Record date for determining entitlements to the dividend	record date of 16 March 2015	
2.7 Explanation of any of the figures in 2.1 to 2.6 that may be required.	Revenue has been derived from company stores, Bedshed Franchising and rental income from the company owned investment property for the six months to 31 December 2014. Revenue includes KWB Group Pty Ltd from 1 November 2014 when control was achieved	

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

Half Year Report

	Prior at 30 June 2014	Current
3. Net tangible asset per security (diluted)	\$0.46	\$0.55
Net intangible assets (diluted)	\$0.36	\$0.37
Total Net Assets per share (diluted)	\$0.82	\$0.92
4. Control gained or lost over entities during the period	Control of KWB Group Pty Ltd commenced after 31 st October 2014 with a total of 57% owned following acceptance of conversion of the last tranche of Convertible notes.	
4.1 Name of entity	KWB Group Pty Ltd	
4.2 The date of gain or loss of control	31 October 2014	
4.3 The contribution of the gained entity	\$216,786	
5. Details of Dividends or Distributions	The dividend policy is for a payout of 60% of net EBITDA excluding revaluations, annually subject to liquidity constraints	
Declared dividend	2.1 cents per share	2.5 cents per share
6. Details of dividend reinvestment plan	The Company has a dividend reinvestment plan that is currently suspended. The plan provides that shareholders may elect to receive all or a portion of their dividend entitlements in the form of fully paid shares in the Company, issued at a discount (currently 2.5%) to market price and free of brokerage or any other costs	
7. Details of associates and joint venture entities	N/A	
8. For foreign entities, which set of accounting standards is used in compiling the report	N/A	
Audit/review of accounts upon which this report is based	This report has been based on an audit review of the accounts	
9. Accounts not yet audited or reviewed	Reviewed	
10. Qualifications of audit / Review	No Qualifications	

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

DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated entity for the ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half year:

Mr D A Smetana

Mr M A Gurry

Mr T R Hantke

Mr A Mankarios

Review of operations

The Company made a profit after tax contributable to members of \$ 3.2 million up from comparable period in 2013 of \$755,000.

The Company's consolidated revenue to 31 December 2014 grew to \$ 12.66 million, up 69% from the comparable period in 2013 of \$7.49 million.

The Cash Flow from Operating Activities in the Consolidated Statement of Cash flows was impacted by normal seasonal reductions in the level of activity towards the end of December and the Christmas shut down. The cash position positively materially reverses in the second half of the year. The operating activities cash flow also excludes the consolidated cash from KWB group which shows separately in the Consolidated from Operating Activities Statement under Investing Activities of \$2.58 million.

The Company's distinct operating units are:

Bedshed Franchising	(100% owned)
Bedshed Company owned stores	(100% owned)
Property	(100% owned)
KWB Group Pty Ltd.	(57% owned from 1 Nov-14.)

In brief, the operating units performed above expectations. The Bedshed Company owned store sales experienced growth for the period. The Bedshed Franchise business performed to management expectations and management has taken pro-active steps to grow our Franchise network in coming year.

The Company's 32% investment in KWB Group (the owners of Kitchen Connection and Wallspan -Kitchen and wardrobes retail business) increased to a 57% stake by way of converting its 2nd and final tranche of Convertible Notes in KWB group as at 31 October 2014.

KWB's revenue growth was in strong double -digit numbers and profit growth in triple digit numbers on a L4L basis during this reporting period to 31 Dec 2014. The Company has consolidated Revenues from it subsidiary KWB into the accounts from 1st November 2014.

The Directors have re-valued the Moorebank industrial property during this period based on June 2014 methodology updated by yield parameters. The net book value for this property now stands at a net \$22 million after all selling costs and accrued expenses.

The property is currently subject to sale contract negotiations. We anticipate the asset may be sold during this calendar year. Regardless, the current sub-economic market rent will move to market rent after the 29th November 2015, when the current lease expires.

The Company's continuing business operating profit of \$1.34 million grew by 90% on the comparable reporting period taking out the net effect of the property re-valuation and impairment charges. The Company is experiencing further solid growth in earnings into the early part of the second half of this financial year.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities
Half Year Report

DIRECTORS' REPORT

After Reporting date Events

The Company is currently negotiating terms on a Sale Contract for the Company owned Moorebank property.

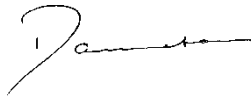
Rounding of Amounts

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

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2014.

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



D A Smetana
Chairman and Director
Dated at Perth this 26th Day of February 2015

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF JOYCE CORPORATION LIMITED

As lead auditor for the review of Joyce Corporation Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Joyce Corporation Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2015

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

Half Year Report

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated Group	
		31.12.2014	31.12.2013
Continuing operations		\$'000	\$'000
Revenue		12,662	7,498
Cost of sales		(5,824)	(2,751)
Gross Profit		6,838	4,747
Other income		416	489
Revaluations of investment properties	4	4,685	531
Share of net profit of associate		215	-
Expenses from continuing operations			
Administration expenses		(3,891)	(2,719)
Distribution expenses		(464)	(470)
Marketing expenses		(439)	(276)
Occupancy expenses		(1,168)	(886)
Finance expenses		(142)	(170)
Gain (loss) on disposal of assets		(1)	8
Impairment of Goodwill		(975)	(75)
Other expenses		(24)	(22)
Profit from continuing operations before income tax		5,050	1,157
Income tax expense	7	(1,676)	(355)
Profit from continuing operations after income tax		3,374	802
Discontinued Operations			
Loss for the half year from discontinuing operations	2	(4)	(47)
Other comprehensive income		-	-
Profit for the period		3,370	755
Profit is attributable to :			
Ordinary equity holders of the company		3,207	755
Non-controlling interests		163	-
Total comprehensive income for the period		3,370	755

Earnings per share

Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the Company:

Overall operations Basic earnings per share (cents)	12	11.6	2.7
Overall operations Diluted earnings per share (cents)	12	11.4	2.7

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

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

Half Year Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	Consolidated Group	
		31.12.2014	30.06.2014
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,739	816
Trade and other receivables		709	416
Inventories		2,430	2,108
Other assets		679	232
Other financial assets		1,285	1,892
Total Current Assets		6,842	5,464
Non-Current Assets			
Trade and other receivables		597	335
Investments accounted for using the equity method		-	755
Property, plant and equipment		1,822	497
Investment property	4	22,000	17,315
Deferred tax assets		1,964	2,280
Intangible assets		10,298	9,972
Total Non-Current Assets		36,681	31,154
TOTAL ASSETS		43,523	36,618
Current Liabilities			
Trade and other payables		5,685	3,464
Interest bearing loans and borrowings	9	49	102
Provisions		717	401
Total Current Liabilities		6,451	3,967
Non-Current Liabilities			
Interest bearing loans and borrowings	9	7,000	6,923
Deferred tax liabilities		4,097	2,765
Provisions		379	233
Total Non-Current Liabilities		11,476	9,921
TOTAL LIABILITIES		17,927	13,888
NET ASSETS		25,596	22,730
EQUITY			
Issued capital		17,899	17,891
Reserves		5,321	5,321
Non controlling interest		163	-
Retained earnings/(Accumulated losses)		2,213	(482)
TOTAL EQUITY		25,596	22,730

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

		Contributed Equity	Reserves	Retained Earnings / (Accumulated Losses)	Non- controlling Interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	Note	17,845	5,321	(1,033)	-	22,133
Total comprehensive income for the period		-	-	755	-	755
Subtotal		17,845	5,321	(278)	-	22,888
Payment partly paid shares		4	-	-	-	4
Dividends paid or provided for	3	-	-	(565)	-	(565)
Balance at 31 December 2013		17,849	5,321	(843)	-	22,327
Balance at 1 July 2014		17,891	5,321	(482)	-	22,730
Opening balance adjustment		-	-	75	-	75
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	3,207	-	3,207
Profit attributable to non-controlling interests		-	-	-	163	163
Subtotal		17,891	5,321	2,800	163	26,175
Payment partly paid shares		8	-	-	-	8
Dividends paid or provided for	3	-	-	(587)	-	(587)
Balance at 31 December 2014		17,899	5,321	2,213	163	25,596

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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

Half Year Report

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

	Consolidated Group	
	31.12.2014	31.12.2013
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,272	5,805
Payments to suppliers and employees	(14,586)	(6,074)
Interest received	32	69
Finance costs	(142)	(170)
Operating Net Cash flow before store closure costs	(424)	(370)
Marketing Fund Operating Net Cash flow	-	(225)
Store Closure Costs	(4)	(496)
Net cash provided by (used in) operating activities	(428)	(1,091)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(305)	(18)
Secured Loan	38	(285)
Proceeds from secured deposit	1,100	600
Proceeds from sale of Plant and equipment	-	12
Net proceeds of sale of other assets	6	59
Cash acquired from business combination, net of cash consideration	2,587	-
Net cash (used in) provided by investing activities	3,426	368
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	630
Dividends paid	(999)	(835)
Payment of borrowings	(1,076)	(26)
Net cash used in financing activities	(2,075)	(231)
Net decrease in cash held	923	(954)
Cash and cash equivalents at beginning of period	816	3,439
Cash and cash equivalents at end of period	1,739	2,485

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Joyce Corporation Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of a business combinations policy (pursuant to the acquisition of the KWB Group Pty Ltd).

Business Combinations Accounting Policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

AASB3(42) If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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

Half Year Report

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

New or revised Standards and Interpretations that are first effective in the current reporting period

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies and has had no effect on the amounts reported for the current or prior periods

NOTE 2: DISCONTINUED OPERATIONS

The comparative half year included results of the discontinued operations of all stores closed, sold or committed to be closed, included in total comprehensive income set out below.

	Consolidated Group	
	31.12.2014	31.12.2013
	\$'000	\$'000
Loss for the year from discontinued operations before tax		
Revenue	-	224
Cost of Sales	-	(183)
Gross profit	<u>-</u>	<u>41</u>
Other income	193	208
Expenses	(197)	(296)
Store Closure Provision	-	-
Loss from discontinuing operations before tax	<u>(4)</u>	<u>(47)</u>
Attributable income tax benefit	-	-
Loss for the half year from discontinued operations	<u>(4)</u>	<u>(47)</u>

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014

NOTE 3: DIVIDENDS

A dividend has been declared after 31 December 2014 for 2.5 cents per share unfranked, payable on 31 March 2015 with a record date of 16 March 2015.

Paid during the half year for the 2014 financial year	999	835
	<hr/>	<hr/>
	999	835
	<hr/>	<hr/>

NOTE 4: INVESTMENT PROPERTY

Joyce Corporation Ltd owns property in Sydney's southwest which is leased to the purchasers of the foam business as part of the arrangement negotiated with the sale of these businesses. This property is an investment property.

The Directors have adopted a value at the 31 December 2014. The valuation methodology used at 30 June 2014 has been updated to reflect recent market sale yields for comparable property transaction in the area that are supported by selling agents reports. A number of third party offers have also been received for this property demonstrating that yields have improved in the prime industrial precinct at Moorebank. The market rental used by independent valuers as at 31 December 2013 were adopted and a yield of 7.4% (previously 9%) applied to the calculation to determine a value. Deducted from the Director's gross value are estimates of a range of potential costs associated with the sale including, agents' commissions, legal cost, allowances for minor replacements, sales bonus, survey cost, ground water reports, environmental expenses, council documentation and other costs and accruals. The gross value adopted is \$23m with a net value adopted of \$22m. The property was valued by Directors at 30 June 2014 at \$17.3m.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014

NOTE 5: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The products sold and/or services provided by the segment;

The retail segments or product type;

The property and administration.

Types of products and services by segment

- *Franchising*
The operation of Bedshed retail bedding franchise operations
- *Investment Property/ Joyce*
The property in New South Wales is leased under a sale agreement.
- *Company owned stores*
The operation of Bedshed stores
- The operation of Retail kitchen stores

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014

NOTE 5: OPERATING SEGMENTS

Unallocated items

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings. The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- derivatives;
- net gains on disposal of available-for-sale
- impairment of assets and other non-recurring items;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities;
- intangible assets;
- discontinuing operations; and
- retirement benefit obligations.

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

Half Year Report

	<u>Continuing Operations</u>				<u>Discontinued Operations</u>		
	<i>Bedshed Franchising</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Investment Properties / Joyce</i>	<i>Total</i>	<i>Store Closures</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period ended 31 Dec 2014							
Revenue							
Sales to external customers	2,334	5,527	4,797	377	13,035	193	13,228
Inter-segment sales	-	-	-	-	-	-	-
Total segment revenue	2,334	5,527	4,797	377	13,035	193	13,228
Inter-segment elimination							
Unallocated revenue					43	-	43
Total consolidated revenue					13,078	193	13,271
Result							
Segment result	942	(724)	401	4,316	4,935	(4)	4,931
Unallocated expenses net of unallocated income	-	-	-	-	42	-	42
Share of net profit of associate					215	-	215
Profit before tax and finance costs					5,192	(4)	5,188
Finance costs					(142)	-	(142)
Profit before income tax					5,050	(4)	5,046
Income tax expense					(1,676)	-	(1,676)
Net Profit for the half year					3,374	(4)	3,370
Assets and liabilities							
Segment assets	13,189	1,399	5,216	21,755	41,559	-	41,559
Unallocated assets					1,964	-	1,964
Total assets					43,523	-	43,523
Segment liabilities	2,180	1,004	3,409	7,237	13,830	-	13,830
Unallocated liabilities					4,097	-	4,097
Total liabilities					17,927	-	17,927
Other segment information							
Capital expenditure	7	5	31	-	43	-	43
Depreciation and amortisation	8	1,044	30	-	1,082	-	1,082
Other non-cash segment expenses / revaluation	-	-	-	4,685	4,685	-	6,685

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

Half Year Report

	<i>Bedshed Franchising</i> \$'000	<i>Retail Stores</i> \$'000	<i>Retail Kitchen Stores</i> \$'000	<i>Investment Properties / Joyce</i> \$'000	<i>Total</i> \$'000	<i>Store Closures</i> \$'000	<i>Total</i> \$'000
Period ended 31 Dec 2013							
Revenue							
Sales to external customers	2,277	5,221	-	418	7,916	432	8,348
Inter-segment sales							
Total segment revenue	2,277	5,221	-	418	7,916	432	8,348
Inter-segment elimination							
Unallocated revenue					72	-	72
Total consolidated revenue					7,988	432	8,420
Result							
Segment result	809	164	-	282	1,255	(47)	1,208
Unallocated expenses net of unallocated income	-	-	-		72	-	72
Loss before tax and finance costs					1,327	(47)	1,280
Finance costs					(170)	-	(170)
Profit (Loss) before income tax					1,157	(47)	1,110
Income tax expense					(355)	-	(355)
Net profit/(loss) for the year					802	(47)	755
Period ended 30 June 2014							
Assets and liabilities							
Segment assets	11,633	2,569	-	20,136	34,338	-	34,338
Unallocated assets					2,280	-	2,280
Total assets					36,618	-	36,618
Segment liabilities	2,477	995	-	7,651	11,123	-	11,123
Unallocated liabilities					2,765	-	2,765
Total liabilities					13,888	-	13,888
Other segment information							
These are December 2013 figures updated to June 2014 figures							
Capital expenditure	14	4	-	-	18	-	18
Depreciation and amortisation	5	148	-	-	153	-	153
Other non-cash segment expenses/impairment	-	-	-	531	531	-	531

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

Half Year Report

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

NOTE 6: CONTINGENT ASSET AND LIABILITY

Environmental Contamination

As part of the ongoing testing of Joyce Corporation Ltd owned sites, it was found that traces of a chemical used in the past by Joyce Foam Products was detected in the groundwater at the Moorebank property in New South Wales. The levels found were not high and to be prudent the Department of Environment and 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. The expected cost to monitor the groundwater will be low as bore holes have already been established.

Related Party Guarantees Provided by the Parent Entity

Joyce Corporation Ltd has provided guarantees to third parties in relation to bank guarantees on Bedshed company owned stores. These guarantees will be required while the stores are company operated and total \$871,331.(30 June 2014 - \$871,331)

NOTE 7: INCOME TAX

	Consolidated Group	
	31.12.2014	31.12.2013
	\$'000	\$'000
Components of the tax expense comprise		
(a) Current tax	-	-
Deferred tax relating to origination and reversal of temporary differences	1,676	355
	1,676	355
(b) Accounting profit before tax	5,046	1,110
Income tax expense to accounting profit		
Tax expense at the statutory rate of 30%	1,514	333
Expenditure not allowable for income tax purposes	162	22
Loss from discontinuing operations before tax	-	-
Attributable income tax benefit	-	-
Deferred Tax asset temporary differences not previously brought to account	-	-
Deferred Tax asset losses not previously brought to account	-	-
Income tax expense (benefit)	1,676	355
Recognised Deferred Tax Balances		
Deferred tax asset	1,964	2,434
Deferred tax liability	(4,097)	(2,558)
Unrecognised Deferred Tax Balances		
Unrecognised deferred tax asset losses	-	-
Unrecognised deferred tax asset other	-	-
Unrecognised deferred tax liability as a result of other	-	-
	-	-
	-	-

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

Half Year Report

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

NOTE 8: CASH AND CASH EQUIVALENTS

Included within the cash and cash equivalents balance are funds allocated for the specific use of operating the Approved Purposes activities on behalf of the Company's franchisees. At 31 December 2014 the total of this balance was \$1,283,337 (30 June 2014: \$1,483,138).

NOTE 9: FINANCIAL LIABILITIES

Joyce Corporation Ltd has a loan facility with St George Bank that is bank bill facility for \$8.3million as per new facility offer and is approved by St George until 30 June 2016. There is a working capital and bank guarantee facility that is approved annually which is reviewed in May each year.

There are no breaches of the facility as of the date of this report.

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company acquired 32% of KWB Group Pty Ltd as of February 2014 by converting \$500K of \$900K of two tranches of convertible notes. The second tranche of \$400K was converted on 31 October 2014.

The total equity in KWB Group Pty Ltd increased to 57%. As of November 2014 KWB Group Pty Ltd is accounted for on a consolidation basis as part of the Joyce Group.

The total profit reported by KWB Group Pty Ltd for the four months to 31 October 2014 was \$672K of which 32% share represents \$215K. KWB Group Pty Ltd has surplus carried forward tax losses to absorb the current year income tax expense.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

The Company is negotiating a sale agreement for the Moorebank investment property.

There are no other matters or circumstances that have arisen since the end of the period 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.

A dividend has been declared after the half year of 2.5 cents per share unfranked with no conduit foreign income. The record date is 16th March 2015 with the dividend payable 31st March 2015.

NOTE 12: EARNINGS PER SHARE

The shares are issued during the period basic and diluted earnings per share are calculated based on a weighted average of any shares issued during the reporting period. There were no shares issued during the half year ended 31 December 2014 (Nil issued shares 31 December 2013).

NOTE 13: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 December 2014:

	Carrying Amount in \$'000	Fair Value Amount in \$'000
Non-current Receivables		
Loan	225	225
Deposit	50	50
Non-current Borrowings		
Interest bearing loans & borrowings	7,000	7,000

Due to their short term nature, the carrying amounts of the current receivables, current financial assets, current assets and current borrowings are assumed to approximate their fair value.

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

Half Year Report

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

NOTE 14: BUSINESS COMBINATIONS

On the 31 October 2014 the group acquired 57% of the equity of KWB Group Pty Ltd ("KWB") by converting the Convertible Notes held by one of its subsidiaries. The convertible notes were converted in two tranches, the first being \$500,000 converted in January 2014, giving the Company a 32% equity holding and the second tranche of \$400,000 converted on 31 October 2014 giving a further 25% equity holding.

On acquisition date, the Directors reviewed the existing interest in KWB at fair value. This resulted in a \$0.012m fair value gain, included within Administration Expenses in the Statement of Profit or Loss and Other Comprehensive Income.

The business contributed revenues of \$5.578m and net profit before tax of \$0.380m for the half year ended 31 December 2014 before non-controlling interests. It is expected that the group would have reported \$20.81m in consolidated revenues and \$4.86m in consolidated net profit after tax attributable to members, for the half year ended 31 December 2014, had the acquisition occurred at the beginning of the period.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Fair value of convertible notes	1,254
Total purchase consideration	1,254
	Fair Value
	\$'000
Inventories	1,238
Cash & cash equivalents	2,587
Trade and other debtors	615
Fixed assets	106
Trade and other payables	(4,036)
Employee entitlements	(418)
Other provisions	(92)
Net identifiable assets acquired	(0)
Add: goodwill	1,254
Net assets acquired	1,254

i. Contingent consideration and acquisition costs

There is no contingent consideration associated with the acquisition and no acquisition costs

ii. Non-controlling interests to be accounted for

The group recognises non-controlling interests in an acquired entity either at fair value or at non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interests (43%) in KWB Group Pty Ltd, the group elected to recognise the non-controlling interest at its fair value.

iii. Information not disclosed as not yet available

The group has reported provisional amounts for goodwill and other assets acquired as part of the purchase of KWB Group Pty Ltd.

Joyce Corporation Ltd ABN 80 009 116 269
and Controlled Entities

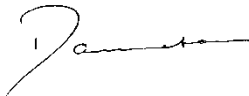
Half Year Report

DIRECTORS' DECLARATION

In the opinion of the directors of Joyce Corporation Ltd ("the Company")

1. The financial statements and notes, as set out on pages 7 to 19 are in accordance with the Corporations Act 2001 including:
 - a. Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



D A Smetana
Director

Dated at Perth this 26th day of February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Joyce Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Joyce Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Joyce Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Joyce Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Joyce Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the letters 'BDO' written above it.

Glyn O'Brien

Director

Perth, 26 February 2015