

JOYCE CORPORATION LTD

ABN 80 009 116 269

Appendix 4E

Preliminary Final Report For the year ended 30 June, 2015

APPENDIX 4E

Results for Announcement to the Market

JOYCE CORPORATION LTD
FOR THE YEAR ENDED 30 June 2015

Name of Entity:	Joyce Corporation Ltd	
ABN:	80 009 116 269	
1. Details of the current and prior reporting period		
Current Period:	1 July 2014 to 30 June 2015	
Prior Period:	1 July 2013 to 30 June 2014	
2. Results for announcement to the market		
		\$A'000
2.1 Revenues from ordinary activities (excludes property revaluations) Total Revenue Refer to Results Highlights	Up 134% to	34,737
2.2 Profit from ordinary activities after tax Total profit to ordinary equity holders	Up 232% to Up 185% to	5,221 4,472
2.3 Profit from continuing activities before tax.	UP 47% to	908
2.4 Dividend distributions	Amount per security	Franked amount per security
Dividend declared payable 23 Oct 2015	3.0 cents per share	100%
Dividend paid 31 March 2015	2.5 cents per share	Nil
Previous corresponding period		
Dividend paid 21 November 2014	2.1 cents per share	Nil
Dividend paid 31 July 2014	1.5 cents per share	Nil
2.5 Record date for determining entitlements to the dividend payable 23 October 2015	Record date for dividend of 6 October 2015	
2.6 Explanation of any of the figures in 2.1 to 2.5 that may be required.	Refer attached	
3. Consolidated Statement of Profit or Loss and Other Comprehensive Income	Refer attached	
4. Consolidated Statement of Financial Position	Refer attached	

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5. Consolidated Statement of Cash Flows	Refer attached	
6. Details of Dividends or Distributions		
	Amount per security	Franked amount per security
Dividends declared - No conduit foreign income	3.0 cents	100%
7. Details of dividend reinvestment plan	The Company's dividend reinvestment plan is currently suspended.	
8. Statement of Retained earnings showing movements	Refer attached	
	Current Period	Previous Corresponding Period
9. Net tangible asset backing per ordinary security (Diluted)	\$0.60	\$0.46
Net asset backing per ordinary security (Diluted)	\$0.96	\$0.82
10. Control Gained 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.	
10.1 Name of entity	KWB Group Pty Ltd	
10.2 The date of the gain or loss of control	31 October 2014	
10.3 Where material, the contribution of above entities to the consolidated result.	\$1.6m net of non controlling interest	
11 Details of associates and joint venture entities	N/A	
12. Other Significant Information		
The investment property in New South Wales was contracted for sale with settlement set for 30 September 2015.		
All bank covenants were met during the year and at year end. All bank debt that has more than one year to maturity has been classified as non- current debt.		
The Directors have resolved to and taken up an impairment of goodwill of \$1.47 million against a company owned stores based on value in use calculations.		

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13. Accounting Standards used by foreign entities	N/A	
14. Commentary on the result for the period		
14.1 Earnings per share overall operations (undiluted) after tax	2015 –16.2 cents	2014 – 5.7 cents
14.2 Distributions to Shareholders	refer 2.4 and 2.5	
A final Dividend of 3.0 cents per share fully franked, payable 23 October 2015 with a record date of 6 October 2015. There is no conduit foreign income.		
14.3 Significant features of operating performance	Refer attached	
14.4 Segment Results	Refer attached	
15. Status of audit or review	This report is based on accounts that are in the process of being audited.	
16. Dispute or qualification – accounts not yet audited	N/A	
17. Qualifications of audit / review	N/A	

RESULTS HIGHLIGHTS FOR YEAR ENDED 30 JUNE 2015 AND APPENDIX 4E

Please find attached the Preliminary Final Report (Appendix 4E) for Joyce Corporation Ltd. ("Joyce" or "the Company") (ASX: JYC) for the financial year ended 30 June 2015.

Director's Operational Review

The Company announced a statutory profit for the year after tax of \$5.22M and a record EBITDA of \$7.93M to 30th June 2015 compared with \$2.8M in the prior period, up 183%. This result included provisions on Moorebank, one off costs and goodwill impairment charges with the resulting adjusted provisions and costs totalling \$2.9M.

Bedshed Franchising ("Bedshed")

The main cash flow generating business unit managed to improve the underlying like for like earnings on the previous year. Total network written sales maintained modest growth on a like for like basis in a challenging retail goods environment.

The Bedshed company owned stores traded well up on last year and earnings growth was also up in double-digit growth.

The company store at Bundall QLD was closed in this period due to the end of its lease. A new franchise store has now opened subsequent to year end in the Bundall area.

Bedshed Franchising managed to secure a new franchise in the ACT late in the period.

During the year two more stores were converted to the Bedshed "Evolution" store fit out and both stores have since performed very strongly. The company has plans to fast track "Evolution" upgrades for the next two years.

KWB Group Pty Ltd ("KWB")

At the 30 June 2015 the company held 57% equity in the subsidiary KWB Group Pty Ltd. Total consolidated revenue and profit increased accordingly, with profit up in triple-digit growth. This has resulted substantially from restructuring initiatives.

Kitchen Connection and Wallspan kitchen and wardrobes' retail stores were upgraded and some stores were relocated during this year. The KWB stores have been fully upgraded to produce an inspiring contemporary kitchen showroom experience for our customers. KWB currently operates in QLD, NSW and SA with 12 stores.

The Company is fully cash funded, with no bank debt and has considerable orders on its books. The cash position is strong and this subsidiary managed to pay its first cash dividend during this period. We anticipate this may produce better procurement opportunities.

The focus now is on additional new stores and the introduction of new lines and benefits to our customers. The Company has already signed leases to open new stores in major centres for the next period.

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Moorebank

The Company announced during the year it has secured a sale of its large industrial property at Moorebank NSW. This asset is currently held in our books as a current asset and the associated bank debt liability is likely to be repaid on settlement of this property.

The Sale Price was \$25 Million. The settlement is due by the 30th September 2015. The deposit was unconditionally released to Joyce and the sale is unconditional.

The property asset value has previously been carried in our books on the basis of the sub-economic rent valuations. Selling the property insured net EBIT gain in our books of \$6.6M. We have conservatively provided for any expenses and associated one off costs.

Future Outlook

The Company has concluded its recent restructure program of closing underperforming Bedshed company owned stores. The last remaining discontinuing store recorded a loss of \$95K in the year. The remaining company owned stores are all generating operating profits.

Cash flow is anticipated to improve as the remaining store-exit payments conclude this coming year. These exit payments had a minor impact on cash in the fiscal 2015 year. This will have minor impact in the next year and these costs are provided for in the company books in prior years.

The Company's cash position has increased significantly and is due to increase with the pending settlement of the Moorebank property. The sale is for \$25 Million will allow for repayment of all current bank debt and will provide the opportunity for new business acquisitions to underpin the group's activities and growth plans in the near future.

The Company's prospects are positive given the recent lift in activity in its core Bedshed business. Currently operations are all meeting profit expectations in a challenging retail environment.

The Company has achieved successful earnings and cashflow development with its related company KWB Group Pty Ltd and there is potential for this to expand initially within its existing geographical operational areas.

KWB commenced cash dividend payments which will commence to be franked in the year ahead.

Joyce's vision is to produce above market returns to its shareholders through partnering in various business opportunities; it aims to eventually enhance the group by assisting with the expansion across Australia. We anticipate that our retail footprint into the premium "do it for me" market of kitchen and wardrobe renovation will grow significantly in the coming years.

The outlook remains positive whilst continuing to be subject to overall economic activity.

After Balance Date Events

The Company has announced that it has purchased a property in Osborne Park W.A. This is due to settle on 2nd of October 2015 for \$4M plus GST. The Company is currently reviewing plans to develop this property. We aim to consolidate our corporate offices and W.A. warehouse facilities to this site. In the future this is likely to provide additional rental revenue streams and potential lifts in EBIT resulting from valuation gains and incoming rent.

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Rounding of Amounts

The Consolidated entity 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.

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

Mr A. Mankarios
Executive Director
Joyce Corporation Ltd
Mobile 0438 553 403

Mr D Smetana
Chairman
Joyce Corporation Ltd
Mobile 0417 842 781

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015**

	Note	Consolidated 2015 \$'000	2014 \$'000
Continuing Operations			
Revenue		34,737	12,657
Cost of sales		(17,478)	(4,103)
Gross profit		17,259	8,554
Other income		97	141
Share of net profit of Associate		215	255
Administration expenses		(10,492)	(5,138)
Distribution expenses		(850)	(948)
Marketing expenses		(1,273)	(488)
Occupancy expenses		(2,366)	(1,307)
Finance Costs		(262)	(341)
Impairment of goodwill		(1,375)	(75)
Other expenses		(45)	(36)
Profit from continuing operations before income tax		908	617
Income tax benefit/(expense) relating to ordinary activities		(782)	(243)
Profit from continuing operations after tax		126	374
Discontinued Operations			
Profit/(loss) and provisions for the year from discontinuing operations	1	5,095	1,196
Profit for the year		5,221	1,570
Profit is attributable to :			
Ordinary equity holders of the company		4,472	1,570
Non-controlling interests		749	-
Total comprehensive income for the period		5,221	1,570
Earnings per share for profit attributable to ordinary shareholders			
Overall Operations			
Basic earnings per share (cents per share) after tax		16.2	5.7
Dilutive earnings per share (cents per share) after tax		16.0	5.6
Continuing Operations			
Basic earnings per share (cents per share) after tax		0.5	1.4
Dilutive earnings per share (cents per share) after tax		0.5	1.3

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Consolidated	
		30.06.2015	30.06.2014
		\$'000	\$'000
ASSETS	Note		
Current Assets			
Cash and cash equivalents	7	5,962	816
Trade and other receivables		577	416
Inventories		2,185	2,108
Other assets		22,890	232
Other financial assets		1,252	1,892
Total Current Assets		32,866	5,464
Non-Current Assets			
Trade and other receivables		558	335
Investments accounted for using the equity method		-	755
Property, plant and equipment		1,294	497
Inventories		558	-
Property held for sale	3	-	17,315
Deferred tax asset		918	2,280
Intangible assets		9,620	9,972
Total Non-Current Assets		12,948	31,154
TOTAL ASSETS		45,814	36,618
LIABILITIES			
Current Liabilities			
Trade & other payables		8,771	3,464
Interest-bearing loans and borrowings	9	22	102
Provisions		814	401
Provision income tax		3,769	-
Total Current Liabilities		13,376	3,967
Non-Current Liabilities			
Interest-bearing loans and borrowings	9	5,300	6,923
Deferred tax liabilities		317	2,765
Provisions		371	233
Total Non-Current Liabilities		5,988	9,921
TOTAL LIABILITIES		19,364	13,888
NET ASSETS		26,450	22,730

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Consolidated	
	30.06.2015	30.06.2014
	\$'000	\$'000
EQUITY		
Issued capital	17,926	17,891
Reserves	2,699	5,321
Non controlling interest	511	-
Retained earnings/(Accumulated losses)	5,314	(482)
TOTAL EQUITY	26,450	22,730

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

		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
Transfers to and from retained earnings		-	-	(6)	-	(6)
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	1,570	-	1,570
Profit attributable to non-controlling interests		-	-	-	-	-
Subtotal		17,845	5,321	531	-	23,697
Payment partly paid shares		46	-	(34)	-	12
Dividends paid or provided for	3	-	-	(979)	-	(979)
Balance at 30 June 2014		17,891	5,321	(482)	-	22,730
Balance at 1 July 2014		17,891	5,321	(482)	-	22,730
Transfers to and from retained earnings		-	(2,622)	2,622	-	-
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	4,472	-	4,472
Profit attributable to non-controlling interests		-	-	-	749	749
Subtotal		17,891	2,699	6,612	749	27,951
Payment partly paid shares		35	-	(11)	-	24
Dividends paid or provided for	3	-	-	(1,287)	(238)	(1,525)
Balance at 30 June 2015		17,926	2,699	5,314	511	26,450

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated 2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		42,195	19,025
Interest received		86	129
Payments to suppliers and employees		(37,714)	(17,631)
Borrowing costs		(262)	(341)
		-	-
Operating Net Cash flow		4,305	1,182
Store closure costs		(137)	(665)
Net cash provided by /(used in) operating activities		4,168	517
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		1	19
Net proceeds from sale of other assets		2,508	59
Proceeds from security deposit		1,100	600
Secured loan		76	(240)
Purchase of non-current assets		(564)	(51)
Cash acquired from business combination, net of cash consideration		2,587	-
Payment to trust account		-	(716)
Net cash (used in) / provided by investing activities		5,708	(329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	50
Repayment of borrowings		(2,803)	(69)
Dividends paid		(1,927)	(835)
Net cash (used in) financing activities		(4,730)	(854)
Net increase(decrease) in cash and cash equivalents		5,146	(666)
Cash and cash equivalents at beginning of year		816	1,482
Cash and cash equivalents at end of year		5,962	816

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE-YEAR ENDED 30 JUNE 2015

NOTE 1: DISCONTINUED OPERATIONS

During the year ended 30 June 2015 the Consolidated entity closed an unprofitable store. The result of the discontinued operation included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is set out below. Includes the sale of land, buildings and all fixed assets. Refer further details note 3

Profit / (loss) for the year from discontinued operations

	2015			2014		
	Stores	Property	Total	Stores	Property	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	1,807	-	1,807	2,399	-	2,399
Cost of sales	(1091)	-	(1,091)	(1,451)	-	(1,451)
Gross profit	716	-	716	948	-	948
Other income	352	753	1,105	419	788	1,207
Sale of Investment Property	-	6,640	6,640	-	-	-
Revaluation of Investment Property	-	-	-	-	949	949
Expenses	(1,163)	(11)	(1,174)	(1,417)	(17)	(1,434)
Profit from discontinued operations before tax	(95)	7,382	7,287	(50)	1,720	1,670
Attributable income tax benefit	-	(2,192)	(2,192)	-	(474)	(474)
	(95)	5,190	5,095	(50)	1,246	1,196
Other comprehensive income	-	-	-	-	-	-
Profit/(loss) for the year from discontinued operations (attributable to owners of Joyce Corporation Ltd)	(95)	5,190	5,095	(50)	1,246	1,196

NOTE 2: DIVIDENDS

Distributions paid or payable	2015	2014
	\$000	\$000
Interim unfranked ordinary dividend of 1.0 (2012: 1.5) cents per share (Paid 24 July 2013)		280
Final unfranked ordinary dividend of 2.0 (2013: 0.65) cents per share (Paid 21 November 2013)		559
Interim unfranked dividend of 1.5 (2013:1.0) cents per share (Paid 31 July 2014)	420	420
Final unfranked ordinary dividend of 2.1 (2014: 2.0) cents per share (Paid 21 November 2014)	588	-
Prior year dividends paid on partly paid shares (Paid 01 March 2015)	11	-
Interim unfranked dividend of 2.5 (2014:1.5) cents per share (Paid 31 March 2015)	699	-
	1,718	1,259

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NOTE 3: INVESTMENT PROPERTY

In 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 and an unconditional contract of sale, for a gross value of \$25m, was executed prior to 30 June 2015 with a non-refundable deposit of \$2.5m received.

The contract sale value at the 30 June 2015 has been recorded for the valuation less provisions for cost of sale. The provision for costs is \$1.05m which includes, agents commission, settlement and legal costs, executive bonus, performance guarantees and associated costs, ongoing water bore monitoring for the Joyce Foam properties and potential cost of possible low level environmental remediation.

NOTE 4 : SHARE OF NET PROFIT OF ASSOCIATE

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 notes earn 8.75% interest on a daily basis payable monthly in arrears until conversion. The second tranche of the remaining \$400K of convertible notes was converted as of November 2014 giving a total of 57% ownership to Joyce Corporation Ltd. A bonus arrangement to 30 June 2015 was agreed at 30 June 2015 for KWB to issue additional shares in KWB Group Pty Ltd to the 43% shareholders to result in Joyce Corporation Ltd diluting to 51% ownership in September 2015. There are no further bonus arrangements to issue shares.

The total profit reported by KWB Group Pty Ltd for the four months to 31 October 2014, before the second conversion, was \$672K of which 32% share represents \$215K. KWB Group Pty Ltd has surplus carried forward tax losses to that will reduce the current year income tax expense in their books.

	2015	2014
	\$000	\$000
Associate's profit before income tax for 4 month period to 31 October 2014	672	-
Associate's profit before income tax for 5 month period to 30 June 2014	-	796
Income tax expense	<u>-</u>	<u>-</u>
Net profit	672	796
	<u> </u>	<u> </u>
Share of net profit of associate before tax at 32% ownership	<u>215</u>	<u>255</u>

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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.

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NOTE 5: OPERATING SEGMENTS

Unallocated items

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.
- finance costs
- share of profit or loss of associate

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	<i>Continuing Operations</i>				<i>Discontinued Operations</i>			
	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Invest Prop / Joyce</i>	<i>Total</i>	<i>Store Closures</i>	<i>Invest Prop</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Year ended 30 June 2015								
Revenue								
Sales to external customers	4,591	8,047	21,306	793	34,737	2,159	754	37,650
Inter-segment sales	-	-	-	-	-	-	-	-
Total segment revenue	4,591	8,047	21,306	793	34,737	2,159	754	37,650
Unallocated revenue					97	-	-	97
Total consolidated revenue					34,834	2,159	754	37,747
Result								
Segment result	1,230	696	1,715	(1,352)	2,289	(95)	742	2,936
Unallocated expenses net of unallocated income	-	-	-	-	(1,334)	-	6,640	5,306
Share of net profit of associate					215	-	-	215
Profit before tax and finance costs					1,170	(95)	7,382	8,457
Finance costs					(262)	-	-	(262)
Profit before income tax					908	(95)	7,382	8,195
Income tax expense					(782)	-	(2,192)	(2,974)
Net Profit for the year					126	(95)	5,190	5,221
Assets and liabilities								
Segment assets	13,492	932	7,598	334	22,356	-	22,540	44,896
Unallocated assets					918	-	-	918
Total assets					23,274	-	22,540	45,814
Segment liabilities	2,329	939	5,385	5,577	14,230	-	1,048	15,278
Unallocated liabilities					4,086	-	-	4,086
Total liabilities					18,316	-	1,048	19,364
Other segment information								
Capital expenditure	10	313	361	-	684	-		684
Depreciation and amortisation	23	146	133	-	302	12	-	314
Other non-cash segment expenses / revaluation	-	-	-	-	-	-	-	-

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	<i>Continuing Operations</i>				<i>Discontinued Operations</i>		
	<i>Bedshed Franchise</i>	<i>Retail Bedding Stores</i>	<i>Retail Kitchen Stores</i>	<i>Invest Prop / Joyce</i>	<i>Total</i>	<i>Store Closures</i>	<i>Invest Prop</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>Total \$'000</i>
Year ended 30 June 2014							
Revenue							
Sales to external customers	4,551	8,093	-	14	12,658	2,818	788
Inter-segment sales	-	-	-	-	-	-	-
Total segment revenue	4,551	8,093	-	14	12,658	2,818	-
Inter-segment elimination							
Unallocated revenue					129	-	-
Total consolidated revenue					12,787	3,606	-
Result							
Segment result	1,542	398	-	(1,377)	563	(50)	1,720
Unallocated expenses net of unallocated income	-	-	-	-	140	-	-
Share of net profit of associate					255	-	-
Profit before tax and finance costs					958	(50)	1,720
Finance costs					(341)	-	-
Profit before income tax					617	(50)	1,720
Income tax expense					(243)	-	(474)
Net Profit for the half year					374	(50)	1,246
Assets and liabilities							
Segment assets	11,633	2,207	-	2,820	16,660	363	17,315
Unallocated assets					2,280	-	-
Total assets					18,940	363	17,315
Segment liabilities	2,477	762	-	3,767	7,006	233	3,884
Unallocated liabilities					2,765	-	-
Total liabilities					9,771	233	3,884
Other segment information							
Capital expenditure	17	34	-	-	51	-	-
Depreciation and amortisation	10	132	-	-	142	12	-
Other non-cash segment expenses / revaluation	-	-	-	-	949	-	949

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NOTE 6: CONTINGENT ASSET AND LIABILITY

Environmental Contamination

As part of the ongoing testing of Joyce Corporation Ltd owned and previously 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 and Elizabeth in South Australia. The levels found were not high and were reported to the respective Departments of Environment and Conservation. 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 has been provisioned as has an allowance for potential remediation.

Related Party and other Guarantees Provided by the Parent Entity

Joyce Corporation Ltd has provided via its related companies, guarantees to third parties by way of bank guarantees on Bedshed Company owned store leases. These guarantees will be required while the stores and warehouses are company operated and total \$826,590 at 30 June 2015. A corporate guarantee has been maintained, for the lease of a franchise holder, should Bedshed Franchising withdraw or cancel the Franchise agreement. The franchisee lease is in a strong location and it is viewed to have little downside.

NOTE 7: CASH AND CASH EQUIVALENTS

Included within the cash and cash equivalents balance are funds allocated for the specific use of operating the Approved Purposes Fund activities on behalf of the Company's franchisees.

At 30 June 2015 the total of this balance of the Approved Purposes was \$1,252,349 (30 June 2014: \$1,483,138) and the bank account holding these funds are excluded from and released from the registered charges and claims of Joyce Corporation Ltd bankers, St. George Bank.

The fund has a net surplus that is taken up in the current liabilities of \$1.35M.

NOTE 8: 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 9: FINANCIAL LIABILITIES

Joyce Corporation Ltd has a term loan and an overdraft facility with St George Bank approved to after the current financial year and which was renewed in February 2015. The \$8.4m term loan is approved to 30 June 2019 and is at variable interest rate with options to fix the interest rate. At year end the loan had a net undrawn balance of \$2.1m. Prior to 30 June 2015 St George Bank has renewed a \$1.24m multi option facility for bank guarantees and overdraft facility. The overdraft component facility was \$400k which was not drawn at 30 June 2015.

There are no breaches of the facility covenants during the reporting period or as of the date of this report.

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NOTE 10: 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.