

Chairman's Letter to Shareholders - Joyce Corporation Ltd

It is with great pleasure I announce that the Company has recorded a profit after tax attributable to members at 30th June 2015 of \$5,221,000 compared to \$1,570,000 for the comparable prior year, up +232.5%.

The net profit before tax to 30th June 2015 was \$7,445,000 up 225.6% on \$2,287,000 at 30th June 2014.

Revenues for the group were up +174% to \$34.73 Million (excluding network sales from franchised stores).

We are pleased to declare a final fully franked dividend of 3 cents per share payable on the 23rd of October 2015 with a record date of the 6th of October 2015. In addition, subject to the settlement of Moorebank property sale, a special fully franked dividend of 5 cents per ordinary share will be paid at the same time. In total this will result in a (substantially franked) 10.5 cent per ordinary share Dividend for the entire calendar year.

The Company's Net Assets per share is 94 cents as at 30th June 2015. The Earnings per share (EPS) is 16.0 cents compared to 5.6 cents last year on a fully diluted basis for this same period.

I feel it is important to share the following information with shareholders. In order to adequately reward our existing shareholders for their continuing support of the Company. We plan to pay a Franked Special Dividend of 5 cents each year for the next two years in addition to this year on top of our normal dividend. We feel that the strategic plans the Company has developed will allow this special dividend to be relatively sustainable in the next periods after the third payment subject to continued stable world economic and local trading conditions continuing.

Given the current world economic and political climate, it is very positive that the Company is in a relatively impregnable financial position, with ample wherewithal to take advantage of growth opportunities into the near future with little downside risks.

The Company announced during this period that it had sold its 40,800 square metre industrial property in Moorebank NSW for \$25 Million and it is due to settle by the 30th September 2015. This result will allow the Group to be debt free with ample cash to ensure our plans are completed. We have already received a non refundable deposit of \$2.5 Million regarding the Moorebank sale.

Subsequently, as an after balance date event, we have also announced the purchase of a substantial commercial property of nearly 4,048, square metres in the highly sought after Osborne Park WA area for \$4 Million plus GST. The Company plans to develop this site and has already reviewed initial development plans for the site. This will soon house our corporate offices and warehousing and provide for potential additional rental income streams allowing for an EBIT gain on our property in the near future.

The Company's business units Bedshed and KWB group performed well and above expectations. The Company continues to perform above our forecasts in the current period.

I would like to thank the entire Management Team and staff, including Mr Anthony Mankarios our Executive Director and the Joyce and KWB Boards for a solid enviable performance and I have no hesitation commending the Company as highly secure and with significant wherewithal for growth.

Dan Smetana

Chairman