

23/02/16

Chairman's Letter

Dear Shareholders,

We have just posted Joyce Corporation's 2015 half year results in which we recorded a comprehensive profit for the period after tax of \$2.075 Million. I would like to take the opportunity to cover some important highlights and prospects with you:-

- Profit after tax to 31 Dec-15 from continuing operations, up to \$1.67 million.
- Consolidated revenue for the same period to 31 Dec 15, up +114% to \$25.5 million
- Full consolidated cash in bank is over \$13.7 million including KWB, equivalent to approx. 50 cents per share undiluted.
- Earnings per share after tax up to 6.1 cents per share undiluted on a continuing operations basis for this half year period.
- Our Bedshed stores and Kitchen divisional profits are both significantly up on a normalised annualised year on year (YOY) basis.
- The Company plans to pay 3 cents per share fully franked dividend in the interim period plus a portion of the annual special dividend bringing the fully franked total dividends to 5 cents. This is a +100% increase over last year's 2.5 cent interim unfranked dividend payment for the same period.

Last year during this period we posted net gains of \$3.37 million from discontinuing business, mainly due to revaluation gain on our Moorebank Property, which of course was sold for \$25 million gross.

We are excited about the recent Stirling Council development application approval decision outcome to develop our 4047 sq mtr site at the highly rated Perth suburb of Osborne Park.

This property was purchased well and this development will add significant value by housing our corporate office, Bedshed administration offices and both our Perth warehouses as well as add investment rental income to Joyce's overall revenue. We are currently renting both our current offices and warehouses in different locations and the new Osborne Park development will save rent and additional logistics costs moving forward. Most importantly it is used to secure our shop lease bonds on Bedshed Corporate stores, which would otherwise be paid out in cash. The property option is by far the best use of these secured cash funds while allowing for bank finance facilities for future growth requirements.

In December 2015 we secured two company stores in Bedshed, one in Mackay and one in Townsville, these two stores have traded profitably since their acquisition.

KWB Group, our Kitchen business, is a 51% owned subsidiary and performed exceptionally well, growing revenue by 28% YOY and securing two new sites.

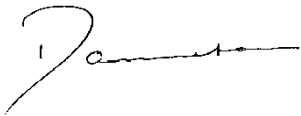
The Company aims to again pay an increased annual Dividend on last year. It is important to inform you that our 4- year statistics show a +400% lift in dividend payments over this period.

The Company is currently performing well, and above our internal management budgets.

Our outlook is very strong with substantial funds, no bank debt, agreeable trading and strong further opportunity for growth.

I would like to thank the executive team led by Anthony Mankarios and all our staff for this exceptional result.

I commend the Company to you.

A handwritten signature in black ink, appearing to read 'Dan Smetana', with a long horizontal flourish extending to the right.

Dan Smetana
Chairman